









# Shultz Reviews Policy On Russia With Aides And Outside Experts

By Don Oberdorfer

WASHINGTON Post Service

WASHINGTON — Secretary of State George P. Shultz had a wide-ranging review of U.S. policy toward the Soviet Union on Saturday with 10 government officials and seven outside experts, including two former secretaries of defense.

Among those attending those attending the meeting, which began about 8 a.m. and lasted through the lunch hour, was Mr. Shultz's Cabinet colleague and former Bechtel Corp. associate, Defense Secretary Caspar W. Weinberger.

The meeting was Mr. Shultz's second lengthy foreign policy review since he was confirmed as secretary of state on July 15. On July 17, he convened a similar session involving Henry A. Kissinger, the former secretary of state, and two other officials. The subject was U.S. policy in the Middle East.

It is likely that additional meetings of this kind will be held to assess other international questions, officials said.

A State Department list of participants suggested that Mr. Shultz initially is seeking advice on policy toward the Soviet Union primarily from establishment conservatives with experience in government.

The only exception on the list was Norman Podhoretz, the editor of Commentary magazine, who has been outside the government and, at times, outside the Washington consensus.

The other outside participants, according to the list, were Harold Brown and Donald Rumsfeld, former secretaries of defense; Peter G. Peterson, a former commerce secretary; Brent Scowcroft, a retired general and former national security adviser; William G. Hyland, a former deputy assistant secretary of state for national security; and Helmut Sonnenfeldt, a former State Department counselor.

In addition to Mr. Weinberger, the governmental participants listed by the State Department were James L. Buckley, the State Department counselor; Richard R. Burt, the assistant secretary of state for European affairs; Kenneth W. Dam, the deputy secretary of state-designate; Rear Adm. Jonathan T. Howe, the State Department director of politico-military affairs; Robert C. McFarlane, the deputy national security adviser; Henry S. Rowen, a Central Intelligence Agency official; Walter J. Stoessel Jr., the outgoing deputy secretary of state; Allen Wallis, the undersecretary of state-designate for economic affairs; and Paul D. Wolfowitz, the State Department's policy planning director.



Secretary of State George P. Shultz meeting the press last week.

# Reagan May Pay Price for His Tax Bill Victory

Bipartisan Politics Breed Disaffection Among Some Former Loyalists

By Lou Cannon

Washington Post Service

SANTA BARBARA, Calif. — Outwardly, it is a time of triumph for the White House, a time in which the president's men outdo one another in proclaiming the leadership qualities, persuasive powers and economic foresight of Ronald Reagan.

As the opening of the 1982 mid-term election campaign approaches, Mr. Reagan is finally basking in the glow of good news on the economic front, potentially the economic recovery that he and those around him have long predicted. Peace seems at hand, at least temporarily, in the Middle East. Mr. Reagan's sharply defined image as a conservative partisan has been blunted by his effective use of coalition politics to achieve an unprecedented victory.

"It's a tremendously important win for him," said James A. Baker 3d, chief of staff and one of the principal architects of the victory. "It moves him into the campaign in a strong position."

Nevertheless, there are signs, as Mr. Reagan settles down on his ranch for two weeks of vacation, that all is not as well with the Reagan White House as it appears on the surface.

Surveys taken for Republican candidates show that Mr. Reagan has lost much of his appeal to the blue-collar voters who flocked to his banner in 1980. An undercurrent of disaffection remains in the White House leadership team,

though outward expressions of it are more muted now than they have been in many months. Wide-spread resignations and changes in the White House staff and Cabinet are anticipated after the Nov. 2 elections.

Most of all, there are nagging worries among otherwise loyal Republicans that Mr. Reagan's tax

## NEWS ANALYSIS

bill victory may prove to be a troubling triumph. In embracing tax increases he had previously opposed, Mr. Reagan for the first time raised doubts about his constancy of purpose among the rank-and-file conservatives who long have provided the vital core of his support.

Emotionally, they always knew that Ronald Reagan was theirs. Now, they're not so sure, an administration aide said. Even a White House official who is otherwise enthusiastic about Mr. Reagan's victory acknowledges: "A little of the glitter has been tarnished."

The problem is not with Republican conservatives alone.

On Monday the president will fly to Los Angeles to address wealthy Republicans on behalf of the Senate candidacy of Pete Wilson, the former San Diego mayor who is generally considered a moderate. Mr. Wilson, who leads his Democratic opponent, Gov. Edmund G. Brown Jr., in the polls, opposed the tax bill. Gov. Brown favored it. The irony of Mr.

Reagan's position has not been lost among California politicians.

"What does Ron say on the campaign trail?" asked a veteran Republican political operative. "I'm sure he'll think of something because he always does. But it's going to be hard to urge that a Republican Congress is needed to put over the president's program when all those Democratic congressmen are waving their little thank-you notes from the president."

The reference was to the letters that Mr. Reagan, in response to a demand from House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts, promised to write to every congressman who voted for the tax bill.

In fact, the coalition the president assembled last week is not — for Mr. Reagan — quite as unusual or unprecedented as either supporters or opponents of the bill have maintained.

During his first term as governor of California, for instance, Mr. Reagan collaborated with assembly speaker Jesse Unruh, then the most powerful Democrat in California, to push through a record tax bill with many progressive features.

A White House official said that Mr. Reagan has been trying to practice coalition politics this year, too, ever since he brought together the congressional leaders of what he called "the Gang of 17" in an unsuccessful effort to work out a budget compromise earlier this year. The difference last week, the

official added, was that it was the first time the House Democratic leadership responded.

What is really different this time is the extent of the Republican defection, which includes 89 House members, some prominent candidates like Mr. Wilson and almost every important conservative organization in the country.

Whatever the problems with the conservatives, the White House staff leadership argues that the phases in Mr. Reagan's victory far outweigh any minutes.

They point out that Mr. Reagan is seen as a decisive leader even by many who oppose his policies and that he reinforced this image by winning the tax bill fight. They say that he has shown he puts country above party, a quality that most Americans want in their president.

And finally, they say, the victory has given him the ability to unite with those who opposed him as defeat would never have done.

Ultimately, the political wisdom of Mr. Reagan's coalition course is likely to be determined outside Washington — on Wall Street and in the economically hard-hit Northeast and Midwestern states whose congressional delegations overwhelmingly supported the tax bill.

The White House is openly taking credit for last week's stock market rise and interest rate downswing — and Mr. Reagan is certain to get the blame if the market collapses and interest rates start moving up again.

# Pentagon 5-Year Plan Aims to Sustain a Conventional War

By Richard Halloran

New York Times Service

WASHINGTON — The Defense Department has begun a five-year, \$100-billion program intended to double and eventually triple the ability of the armed forces to sustain themselves in combat, according to senior departmental officials.

Today, military leaders said, the forces could fight for about 30 days before starting to run out of ammunition, weapons and critical supplies. Moreover, the services lack the planes and particularly the ships to sustain a sufficient flow of supplies to combat zones.

"If we had to go to war this afternoon, even a war the size of Vietnam," said an officer with long combat experience, "I don't see how we could do it."

In a global war with the Soviet Union, several senior officials said in recent conversations, the president might thus be confronted within a month with the choice of surrendering or resorting to nuclear weapons in desperation.

Despite their ambitious plans, the defense officials doubt that the goals can be reached, because battle consumption rates have skyrocketed and because buying supplies lacks the political appeal of ordering glamorous ships and planes, which visibly create jobs.

2,000 Tons a Day

Recent Pentagon studies show that American forces in World War II consumed an average of 65 tons of material a day; in World War I that was up to 675 tons; in Vietnam it soared to 1,000 tons; in the Middle East war of 1973, Israel burned up 2,000 tons a day.

About half the consumption in a current war, officers said, would be for mobile forces in armored personnel carriers, tanks and aircraft. Higher rates of fire and the need to replace more weapons cause the increase.

The military officers also pointed out that the British campaign against Argentina over the Falkland Islands required 98 ships just to sustain a relatively small operation. They noted that that battle was 8,000 miles from home, the same distance from the East Coast

to the Gulf through the Suez Canal but only two-thirds the distance around Africa or from the West Coast.

An experienced general summed it up: "In making war, amateurs talk about tactics. The real professionals talk about logistics and sustainability because that's where wars are won."

## Escalation Assumed

After the war in Vietnam, budget cuts precluded rebuilding stockpiles burned up during that conflict. The Carter administration's military strategy, therefore, anticipated a short conventional war in Europe that would escalate to a nuclear exchange within weeks.

In contrast, the Reagan administration envisions a protracted conventional worldwide war against the Soviet Union. Military strategists think that Soviet military planners believe the United States would run out of ammunition in a war of attrition and then quit rather than employ nuclear weapons.

Consequently, administration officials asserted, the United States must rebuild its stocks of war supplies and refurbish the industrial base to produce the munitions needed to stay in the field against the Soviet Union in prolonged hostilities.

The Defense Department's basic policy on sustaining a conventional war was outlined in Defense Guidance, a classified five-year plan intended to provide strategic direction to the military services. The document said U.S. capability for sustaining combat "should be at least equivalent to that of the Warsaw Pact."

## Building Ordered

The military services were instructed to build up "a minimum of 60 days of combat sustainability in all theaters and at sea by the end of fiscal year 1987."

But, Defense Guidance said, the objectives are "probably fiscally unattainable" within the next five years. Thus, the services were instructed to set a balanced set of minimum goals that could be achieved.

In addition, the document said, the industrial base that produces munitions and supplies must be rebuilt, although it did not say specifically how that was to be accomplished.

It said that by 1985, industry should be able to turn out supplies to raise the stockpile of munitions to a 60-day consumption level and other war supplies to a 30-day level within a year. By 1987, it said, industry should be able to raise the munitions stockpile to 90 days and other supplies to 60 days within a year. A 180-day level was the goal by the end of 10 years.

The Reagan administration, since coming to office, has doubled its requests for ammunition. It has also, continuing a move begun by the Carter administration, doubled the capacity of the Military Sealift Command to transport weapons, fuel, food and supplies to the Gulf.

And for airlift, Congress approved last week, after a bitter political fight, the purchase of 50 new C-5 Galaxy air transports and 44 KC-10 cargo and tanker planes. But it will be five years before all are in service.

# Poll in U.S. Finds Lack of Knowledge On Pipeline Stand

New York Times Service

NEW YORK — Only half of those questioned in a poll had heard or read of the U.S. effort to block construction of a natural-gas pipeline from Siberia to Western Europe and only 33 percent of all respondents could describe the U.S. position accurately.

The U.S. stand is supported by 48 percent of Americans familiar with the policy, according to a Gallup Poll released Saturday.

The poll showed opinion divided along partisan lines, with Republicans endorsing the government position 67 percent to 27 percent, and Democrats opposing it, 53 percent to 34 percent.

The questions asked refer to the U.S. refusal to allow the Western European allies to use U.S.-licensed technical equipment in building the pipeline. The main perceived disadvantage of the U.S. position is the damage it has caused in relations with the allies.

# U.S.-Soviet Grain Pact Is Applauded by Block

By David Hoffman

Washington Post Service

WASHINGTON — Agriculture Secretary John R. Block says the acceptance by the Soviet Union of President Reagan's offer of a one-year extension of its agreement to buy grain from the United States may permit a "rebuilding" of the diminished U.S. share of the Soviet grain market.

The Soviet acceptance was delivered Friday in a written message to the U.S. Embassy in Moscow. It will be the second extension of the five-year grain sale agreement first negotiated in 1975. That agreement was interrupted partially by President Jimmy Carter's Jan. 4, 1980, grain embargo in response to the Soviet intervention in Afghanistan.

Mr. Reagan campaigned against that embargo and lifted it in April, 1981, but his decision on renewing the long-term agreement was complicated by the start of martial law in Poland in December.

Mr. Block, who had lobbied hard within the administration for another one-year extension, said Friday that the Kremlin's acceptance "will allow America's farmers to continue rebuilding this important market, which was thrown away to our competitors during the partial embargo imposed on U.S. agricultural sales to the Soviet Union in January, 1980."

The agreement obligates Moscow to buy 6 million metric tons of grain annually and allows it to purchase up to 8 million additional tons without permission from the United States.

While taking a hard line against the Soviet Union because of the crackdown in Poland, the Reagan administration has angered European allies by attempting to block the sale of U.S. technology and parts for a planned Soviet natural gas pipeline to Western Europe at the same time it has sought to increase grain trade with Moscow.



**How do people in the know save petrol? They drive the new economical way.**

People who only have an average involvement with technical products invariably react to rising energy costs by cutting down on everything — on performance, on safety and on comfort. People who are more knowledgeable take a much more far-sighted view: to achieve motoring economy they invest in a technology which doesn't force them to make any unnecessary sacrifices: BMW's in-line 6-cylinders.

This engine in combination with the 5-speed overdrive transmission (320, 323i models) provides the ideal basis, on the one hand, for speedy, safe and comfortable motoring. And on the other, for developing a new driving technique which saves fuel where it really counts: in congested town traffic.

The diagrams show the result of an energy consumption test based on 3 styles of driving. Just compare them with the way you drive.

Variant 1: powerful acceleration to the maximum test speed (60 km/h, 37 mph) in the shortest time, followed by constant driving at that speed.

Variant 2: moderate acceleration beyond the test speed and then deceleration to the required speed.

Variant 3: weak acceleration to the test speed.

Variant 1 produced the most favourable fuel consumption figures. Because here the engine is operating

and therefore at its optimum level of fuel consumption. In addition, fast acceleration enables the driver to change up into the higher, fuel-sparing gears more quickly.

And that can have a further decisive effect on fuel economy. Because if in Variant 1 you change up at 5000 rpm instead of 2000 rpm, you will increase fuel consumption by about 15%.

BMW's in-line 6-cylinders: the engine created for the new style of driving. If a motorist who has some understanding of technical and physical relationships wants to drive with maximum fuel economy and the traffic conditions allow him, then he will accelerate quickly with the accelerator roughly three-quarters down and change up at low revs — at approx. 2000 rpm. This style of driving in turn capitalises on the overall qualities of a BMW in-

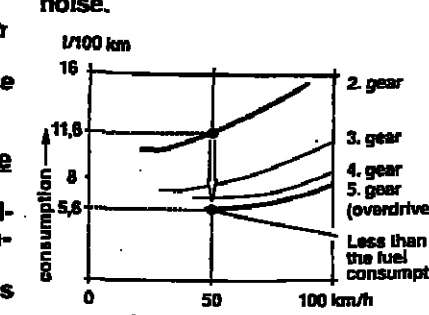
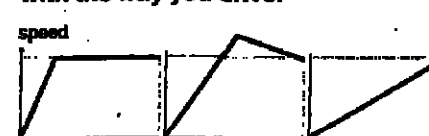
Because it's well known that even with a heavy load it has the power reserves to ensure smooth running and comfortable motoring at low revs without straining the engine or causing undue noise.

The 5-speed overdrive transmission increases these advantages even further. The 5th gear already improves fuel

is especially beneficial at high speeds and over long distances, where it also contributes to even smoother running.

So a test drive in the BMW 320 or 323i doesn't simply introduce you to a new and fascinating form of motoring. It also confirms an age-old truth: even when you're trying to economise, it always pays to reject the cheap alternative.

BMW cars. The BMW range of fine automobiles: the ultimate in performance, comfort and safety.





# Herald Tribune

Published With The New York Times and The Washington Post

## A First Step in Beirut...

From THE WASHINGTON POST

The beginning of the departure of the whole Beirut PLO apparatus from Lebanon represents in the first instance the freeing of a captive city from two months of terror. The PLO made the city an involuntary battleground; Israeli guns did most of the damage to it: a deadly "partnership." Its ending will give the long-suffering and immensely resourceful Lebanese the opportunity to start restoring the life that had made Beirut the most engaging and lively city in the Arab world. All those who are in a position to help the Lebanese in reconstruction — not just in Beirut but in the countryside — should turn promptly and generously to the task.

"Departure Day," as it is formally called in the plan ending the Beirut siege, is also a signal event in the life of Lebanon. It means, evidently, the beginning of the end of the hostile foreign occupation force that the PLO has been for nearly a decade. The removal of the PLO leaves two other foreign armies on Lebanese soil, Syria's and Israel's. Fortunately there seems to be a widespread determination to remove them, in time, as well. If that is done, Lebanon will be faced with the challenge — running its own affairs — that has proved exceptionally burdensome in the past. An early test of Lebanon's capacity for harnessing its disparate Christian and Moslem communities may come as soon as today, when the parliament is scheduled to select a new president. The one announced candidate, the Christian leader Bashir Gemayel, has in effect campaigned for Moslem support or at least tolerance by keeping at arm's length from his erstwhile Israeli patrons during Israel's most recent invasion.

The PLO could hardly have been expected to accept the ignominy of a forced departure and loss of its single military platform without seeking some political cover. This it has done by parading its endurance in battle and its intent to continue its struggle. To which responsible people can say: If you continue your struggle, it must be by political means — find a political course that is reasonable and realistic. Whether the PLO can hold together in the conditions of its new dispersion and speak effectively for its constituency and cause remains to be seen. So far, for instance, it has not even managed to address the question of the awful agony inflicted on its Lebanese hosts. That should come even before the question of accepting Israel.

For Israel, in turn, must come the question

of putting into effect the commitments to the Palestinians that it accepted at Camp David. There is a bruised, almost defiant tone to many Israeli pronouncements these days, in part perhaps a reaction to foreign criticism of its Lebanese operation.

The fact is, however, that most other countries have endorsed at least implicitly some though not all of Israel's purposes in Lebanon: to secure Israel's border, to rout the PLO, to restore Lebanon. Israel is a lot less isolated than it may feel at the moment. Its friends, especially the United States, must point this out to Israel by way of obtaining its cooperation in the difficult diplomatic stages to follow. The decimation of the PLO as a fighting force has a special meaning here. The Begin government may be tempted to see it as opening the way to full Israeli absorption of the West Bank. Others will see it, correctly, as reducing the risk for Israel in walking the Camp David path further.

On the United States inevitably falls its own mission of leadership. One part of it has already been discharged with consummate skill by Philip Habib, who arranged the departure process that got under way Saturday. It is largely thanks to him that a role for American troops has been found that is at once useful, giving American diplomacy a place in subsequent phases, and limited, arousing minimal resistance at home. The French and Italians are also participating responsibly in the multinational force overseeing the PLO's evacuation from Beirut.

The president and his new secretary of state have been moving cautiously but steadily and saying the right things. Mr. Shultz has secured new commitments from Israel's and Syria's foreign ministers promising the withdrawal of their countries' armies from Lebanon. These pledges do not end all danger of an Israeli-Syrian partition or condominium but they point in the right direction.

Mr. Reagan has confirmed his intent to stay true to his predecessor's Camp David promise to try to resolve the Palestinian issue "in all its aspects." This falls short of the immediate American endorsement of Palestinian "self-determination" that Egyptian President Mubarak is urging. Still, the important thing is that the United States, with its friends, sees the opportunities the Israeli invasion has created for treating in a careful, deliberate and unflinching way the root cause of the Arab-Israeli dispute.

## ...and the Next Goal

From THE NEW YORK TIMES

Philip Habib surely deserves the good night's sleep that Secretary Shultz prescribed for him, and far more. But it cannot be enough for the PLO finally to pull out of Beirut. All the foreign armies must soon be induced to pull out of all of Lebanon. There are other, larger goals for American policy in the Middle East, but until the outsiders leave it will be hard to pursue any of them. If it is inhuman to expect more from Habib, President Reagan must quickly find another master negotiator.

Israel has paid heavily as its war aims widened. No doubt there is hypocrisy in condemnation of Israeli violence on the part of countries that have been mute about PLO violence. Israelis must read with exquisite interest that some West German newspapers describe their invasion as a "war of extermination." Nonetheless, there is world anguish over the civilian casualties, anguish that has not yet exacted its full political price.

Whatever the extenuating arguments, Israel said initially that its forces would advance only 25 miles into southern Lebanon. Now they are virtually all over Lebanon. The longer they stay, the closer their alliance with the Maronite Christian forces becomes. And the closer that bond, the harder it will be to settle the older, deeper problem, the intramural Lebanon problem.

Though Lebanon is predominantly Moslem, even its Moslem population consists

of different factions. Though the Maronites are the largest group among the Christian minority, there are also Armenian and Greek Orthodox Christians. And even the Maronites are divided by clans, maintaining separate private armies.

If an acceptable neutral state and army could be established, the Israelis and Syrians would have a lot less at risk and might be coaxed into leaving. That is one reason for the United States to press ahead quickly with negotiations.

There is a second reason: the need to find a way to meet the permanent aspirations of the Palestinians. The PLO may be leaving, but until the foreign soldiers are gone, progress on this larger Palestinian question will probably be impossible. Shultz may hope for movement through revival of the Camp David autonomy talks. Yet even if Israel is willing to talk while Lebanon remains in fragments, Egypt has already said it is not.

Getting the foreign troops out will require intense attention and the diplomacy of Habib or an equally adept successor. The obvious, appealing vehicle for such diplomacy is relief. There is blame enough to go around for its misery. Arabs and Israelis, Europeans and Americans should all share in a massive reconstruction effort. That effort cannot only rebuild homes but also provide the basis for rebuilding a viable Lebanese government — and sending all the foreign troops home.

## Other Editorial Opinion

### U.S. Nuclear Policy

Not for the first time, President Reagan's Washington has succeeded in simultaneously frightening and confusing friends and enemies alike over the future direction of American nuclear policy.

If the Reagan administration is seriously intent on encouraging a belief that nuclear war can be won, then it is on treacherous ground. Both America and Russia already have excessively large nuclear arsenals. To suggest that by adding to those arsenals a position can be created whereby victory is assured, is madness.

Obviously the clock cannot be turned back to a pre-nuclear period. What is needed is not

ill-thought-out saber-rattling but constant pressure for successful arms limitation talks coupled with deterrence at the lowest possible level of arms spending.

— The Times (London).

Predictably, the leaked Reagan master plan [has] been condemned as mad. Such reactions are understandable. Nevertheless, truth to tell, they miss the point. The whole theory of mutual deterrence depends on both sides believing that the other might actually be mad enough to push the button. Those not actually responsible for maintaining the peace can comfortably rage against this awesome logic [but] sweet reason has so far failed to find a better way.

— The Telegraph (London).

## The Case for 'Hardheaded' Détente

First of two articles.

By Richard M. Nixon

NEW YORK — Foreign Minister Claude Cheysson of France said recently that the United States and its Western European allies were moving ominously toward a "progressive divorce," explaining that, "We no longer speak the same language." Mr. Cheysson was specifically addressing the dispute over the Soviet pipeline, but his fundamental point was both profound and troubling.

There are sharp differences over how the West should deal with the Soviet Union. Ironically, those real differences are clouded by widely differing perceptions of one French word borrowed by Americans: détente.

The debate over détente has become so charged with emotion that substance gives way to semantics.

To many Americans, détente has become a dirty word, virtually synonymous with appeasement. To most Europeans, it is a good word. To them it denotes a period in the early and middle 1970s when tensions between East and West were lessened and when there was more trade, more contact, some liberalization in Eastern Europe, and, above all, a reduced danger of nuclear war.

American critics of détente, by contrast, look with horror at all the Soviet advances of the last decade. They see Soviet attainment of superiority in land-based nuclear weapons, an extension of Soviet domination over Southeast Asia, Angola, Ethiopia, Yemen, invasions into Latin America, the brutal oppression of Afghanistan and the cruel snuffing out

of Poland's flickers of freedom. This, they say, proves détente a costly failure. They argue, correctly, that the Soviet leaders lie, cheat, steal and are out to impose their oppressive system on the whole world, and from this they conclude that the only safe course is to restore U.S. nuclear superiority, cut back contacts and attempt to strangle the Soviet Union economically.

This argument misses the point of détente. It misreads history and it would deprive the West of some of our most potent weapons in the East-West struggle.

The failure was not of détente but rather of the management of détente by U.S. policy-makers.

First, let us be clear about what détente is and is not. There are two concepts of détente, which I call hardheaded and softheaded.

Softheaded détente — the willowy, handwringing, flower-power kind — is not a policy at all, in the sense that a policy is a formula for the use of power. When I speak of détente I mean the hardheaded kind: détente with deterrence. This is based on a strength of arms and strength of will sufficient to blunt the threat of Soviet blackmail, combined with a mixture of prospective rewards for good behavior and penalties for bad behavior that gives the Soviet Union a real incentive for moderation. Softheaded détente — appeasement in disguise — invites Soviet expansion by reducing its cost. Hardheaded détente raises the cost of adventurism and thus en-

courages the Russians to negotiate. As we practiced it in the early 1970s, this hardheaded détente worked. During that period, no one nation was lost to the Soviet bloc. Under pressure from us, the Soviet Union retreated from its attempt to establish a nuclear submarine base at Clevefuegos in Cuba, it backed away from its support of India's attempt to gobble up West Pakistan, it abandoned its threat to send Soviet forces into the Middle East during the Arab-Israeli war of 1973.

On May 8, 1972, on the eve of my first summit meeting with then-General Secretary Brezhnev, I ordered the bombing and mining of Haiphong, in North Vietnam. Those who did not understand hardheaded détente thought it would torpedo the summit. They were wrong. It strengthened my hand and helped pave the way for a broad range of agreements. This hardheaded détente is not a love affair. It does not mean that we and the Soviet Union agree. Rather, it means that we profoundly disagree. What it provides is a means of peacefully resolving those disagreements that can be resolved, and of living with those that cannot.

I have had more extensive personal dealings with the top Soviet leadership than any other American president. Mr. Brezhnev and I held three summit meetings — in 1972, 1973 and 1974. He and I regularly clinked champagne glasses to celebrate agreements. We smiled at one another in public. We became, at times, quite

cordial in private. But we also bargained hard, and neither of us expected the other to give up anything of substance out of sheer good will. We recognized that our two countries were locked in competition, and each of us was determined to protect his own country's interests, which made it mutually advantageous for us to compromise or otherwise resolve an increasing range of our competing interests.

Our central common interest was to ensure that our differences did not lead us into a shooting war. With tragic frequency, wars result from miscalculation. We were able to reduce that danger.

Many critics of détente tend to regard U.S.-Soviet relations as a zero-sum game, to suppose that a gain for one can be achieved only at the expense of the other. But this is not so. Properly conceived and balanced arms limitations can benefit both sides. Expansion of trade, on a strictly nonsubsidized, businesslike basis, can benefit both sides. Preventing war through miscalculation can benefit both sides.

From the U.S. standpoint, détente has an added advantage: It is a means not only of avoiding armed conflict but also of engaging the Soviet Union in those fields in which the United States has an overwhelming advantage.

Whether or not we agree with Clausewitz that war is the carrying on of political relations by other means, in a nuclear age the two principal competing powers must channel their competition into other means than



war. That competition will continue. It is in our interest to direct it into those arenas in which we are strongest. We no longer outdo the Russians, but we do outproduce them, and we clearly outdo them in providing what people all over the world want: freedom, abundance, the chance to live in peace and let the human spirit thrive.

The more we retreat into an angry, cold war confrontation, the more we reduce the competition to those levels on which the Soviet Union is strongest. The one thing the Kremlin is good at is wielding raw power, through military might and terror tactics. Where the contest is waged on that ground, Moscow has the advantage. Where we shift it to other grounds, the United States has the advantage.

Détente is a means of broadening the competition: expanding countries opening the way to Western ideas and Western influence, weaving a web of economic interdependencies that raise the cost to the Soviet Union of stepping beyond the bounds of acceptable behavior. Those critics who would have us scuttle détente and return to narrow confrontation are urging a form of unilateral disarmament. They would deprive us of many of our most effective diplomatic weapons.

The Soviet Union has desperate economic problems. Looking at these, some analysts argue that if we just squeeze the Russians economically, the regime will collapse and will be replaced by a less oppressive one. This misreads history, and it misreads the nature of the Soviet dictatorship. Squeezing Russia economically did not work when the Communists first came to power, when their problems were far worse, and it did not work now. Rather than decreasing repression, it would increase it. An oppressive dictatorship is strengthened, not weakened by external confrontation.

### Cardinal Rule

This does not mean that we should do nothing when the Russians resort to actions that threaten our interests. It does mean that if we do have significant economic relations with them, we may be able to act effectively. A cardinal rule of diplomacy is that you can't get something from your adversary unless you have something to give or something to take back.

In the broader context of détente, with an intricate mixture of both positive and negative incentives, the Soviet Union will respond. As it did in the early 1970s, it will moderate its behavior.

The test must restore the nuclear military balance so that it will not be subject to Soviet nuclear blackmail. We must re-establish a credible link between them in those areas the Soviet Union wants and the general patterns of Soviet behavior.

The practice of annual U.S.-Soviet summit meetings should also be resumed. These increase the chance that agreements can be reached by increasing the pressure on lower-level officials to narrow differences before the annual deadlines. But even when nothing of importance is agreed to, regular summits serve two valuable purposes. First, when the leaders of the two major powers know each other, the possibility of war by miscalculation is reduced. And second, the very fact that a summit is approaching tends to inhibit the Soviet Union from engaging in adventurous practices before then.

We can call this peaceful competition. We can call it waging a struggle by nonmilitary means. We can call it détente. Whatever we call it, it is better than the alternatives of either open confrontation or nuclear conflict.

Tuesday: The Soviet gas pipeline dispute.

The New York Times

## A 'Mysterious' Silence on Nicaraguan Rights

By Elliott Abrams

WASHINGTON — Congress, the executive branch and the human rights organizations have just completed extensive reviews of the human rights situation in El Salvador, in connection with the "certification" of human rights progress there.

Both the House and Senate foreign relations committees held hearings; several human rights groups issued reports, including a 272-page report produced jointly by two such groups; and all of this was important enough to be featured on television news programs. The human rights picture in El Salvador warrants this attention. But an equally serious question in nearby Nicaragua has received only scant attention.

This is true even though the last few weeks have seen an extraordinary deterioration there. The new developments come against a background of reports of torture, continuing government harassment of the Nicaraguan Human Rights Commission and continuing violence against Indian tribes, which has resulted in the flight from the country of several hundred Sumo Indians in recent weeks.

Now, here are some of the major incidents of the last few weeks alone:

• The bishop of the Atlantic Coast province, who has been harassed repeatedly by the Sandinistas, was once again detained.

• The Sandinistas prohibited publication of a pastoral letter from the pope to the bishops of Nicaragua. For two weeks, La Prensa was forbidden to publish the letter, which had been read in churches throughout the country on Aug. 1, and the church's radio station was forbidden to read it on the air. Because of this dispute, La Prensa was not printed for several days.

• On Aug. 9, more than 20 churches belonging

to several Protestant sects were seized by the Sandinistas "neighborhood committees," whose spokesmen said the churches were in contact with the Central Intelligence Agency and working for the counterrevolution.

When the Nicaraguan archbishop replaced a parish priest who was working closely with the regime, an organized mob gathered at the church. When the auxiliary bishop of Managua came to the scene, he was beaten up by the mob. The archbishop has excommunicated all those involved in the beating.

• The head of the church's radio station, a priest, was forced to disrobe at gunpoint by Sandinista police and was marched naked through the streets of Managua to jail. Pictures of the naked priest were shown on the government television station and printed in the Sandinista press. The Sandinistas said he had been caught in a love triangle; when La Prensa tried to print an interview with the priest, the story was censored.

• In the last week, violent clashes in Masaya between Sandinista mobs and Catholic school students and their supporters have resulted in three deaths, and mobs have twice tried to attack Archbishop Obando y Bravo.

All of these events have taken place since the beginning of July, and no one can doubt the pattern that they form: The Sandinistas have decided on a tremendous increase in pressure on organized religion in Nicaragua.

Where are the protests? Does anyone doubt that a series of events half as serious in El Salvador would be front-page news? Does anyone doubt that human rights groups would be clam-

oring? They would be right to do so, and the silence over events in Nicaragua is deeply troubling. The State Department receives protests and inquiries regularly from human rights groups about events in countries such as El Salvador and Chile; to date we have not received one inquiry about this attack on religion in Nicaragua.

Now, some people in the human rights movement and in the churches are simply pro-Sandinista. They believe Nicaragua has a "progressive" regime. To judge by their behavior, many are simply unwilling to apply to "progressive" countries the same severe standard they apply to nations whose governments they do not support.

For the human rights movement, Nicaragua, where the Sandinistas have co-opted all of the language and symbols of social revolution and progress, is a crucial test. Those who insist on examining El Salvador with a microscope, while seeing no evil in Nicaragua, are undermining the claim of the human rights movement to be interested in people rather than in politics.

Yet this does not explain the attitude of the many who have no political bias toward the Sandinistas: their silence is a true mystery. Is it interest in a country not aligned with the United States? A desire to avoid criticizing a country other than human rights activists excuse? Simple lack of information?

The fact remains that the silence is deafening. And while it continues, churches and clergy in Nicaragua will be subjected to increasing menace.

The writer is assistant secretary of state for human rights and humanitarian affairs. He contributed this report to the Washington Post.

## Taiwan Arms Agreement: Not the Last Word

By Michael Parks

PEKING — Since the United States and China began their rapprochement a decade ago, they have been bedeviled by the Taiwan problem — Peking's desire to bring the island under its authority vs. American support for the Chinese Nationalists who still control it — and last week's agreement limiting U.S. arms sales to Taiwan is not likely to resolve the problem.

In agreeing to limit the quantity and quality of the weapons it provides the Nationalists and to reduce these sales gradually, the Reagan administration broke the stalemate over the most difficult issue in Sino-American relations and avoided the downgrading of those relations that Peking had threatened with considerable vehemence over the past 18 months.

This was a significant U.S. concession. Peking paid for it with its first formal pledge to pursue a peaceful resolution of the Taiwan problem.

Washington also strongly endorsed Peking's repeated — and so far rejected — overtures to Taiwan to discuss reunification and end the Chinese civil war. Although President Reagan declared that the United States would not force Taiwan into such negotia-

tions and supported the "free choice of...the people of Taiwan," the agreement constitutes the strongest political and psychological pressure on Taiwan since Washington recognized the Communist regime in Peking.

But China did not obtain the U.S. commitment to halt all arms sales by an agreed date, as it had demanded at the outset of 10 months of tough negotiations, nor did it get the veto it had sought over what weapons the United States would provide.

The administration also resisted its own early impulses to take on the role of mediator.

The United States, on balance, probably gave a bit more than it got. But it was mostly interested in arresting the sharp deterioration in relations that began two years ago with Ronald Reagan's presidential candidacy and his advocacy of closer links with Taiwan.

However, the carefully balanced compromises in the agreement piled up potential problems for the future:

• No timetable was worked out

for the gradual reduction of arms sales, according to Americans involved in the talks, nor was there agreement on the quantitative and qualitative limits Washington pledged to observe. American and Chinese officials differed sharply even as the joint communiqué was issued on terms for eventually ending all sales.

These ambiguities, though necessary to reach an interim agreement, are certain to bring the arms-sale issue back again and again. And the efforts to resolve future problems will, despite Reagan administration denials, put the United States in the position of negotiating with Peking the type and amount of weapons it provides Taiwan.

Washington emphasized in its presentation of the agreement that it links the arms issue with the overall "peaceful resolution" of the Taiwan problem by the Chinese themselves: If Peking does not threaten Taiwan, then there will be less and perhaps no need for U.S. weapons sales. Peking, however, not only said there was no link but rejected the U.S. interpreta-

tion of the agreement as continued "interference" in China's internal affairs. And on Taiwan, Nationalist officials said the United States had been duped by Communist propaganda and repeated their determination never to negotiate with Peking.

The Taiwan Relations Act, adopted by Congress in 1979 to govern continued U.S. relations with Taiwan, remains a major point of controversy between Washington and Peking. Reagan administration officials pledged that the act's provisions would be honored despite the new agreement with Peking. Chinese officials again denounced it and Taiwan said the act's letter and spirit had been violated.

With the truce agreed on the arms sale issue, the act will very likely become Peking's principal target. American diplomats believe, "The Chinese will not shut up about the TRA until it is repealed or amended into welfare legislation for refugee Nationalist generals, and neither is a serious prospect."

Chinese and U.S. negotiators here knew they were mortgaging the future with such problems, according to participants in the talks, but were would improve enough in the meantime so that difficulties could be handled when they arose.

The two nations also were motivated by the shared perception that some agreement, if only an interim one, was needed on the issue to avoid further deterioration in relations.

Over the past two years — since Taiwan emerged as an issue in the 1980 presidential campaign — the character of the Chinese-U.S. rapprochement has changed significantly. The visions of a Sino-American alliance, heady as they were, have given way to scaled down, and probably more realistic, expectations on both sides, and the warmth and openness that came when diplomatic relations were established Jan. 1, 1979, have yielded to caution, sensitivity to criticism and bickering.

Although perhaps these changes were inevitable given the fundamental political, social and economic differences between China and the United States, they were certainly hastened by the prolonged impasse on the arms-sale issue and the intense emotions it often generated on both sides.

Both the United States and China say they now want to get on with developing their relations now that they have an understanding on the Taiwan problem, but the relationship is not the same as it was when all this arose," said an Asian diplomat. "The two countries certainly know each other better after all this, and knowing each other better, as sometimes happens, they may not want to be so friendly."

The author, a freelance journalist based in Mexico City, contributed this

## AUG. 23: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Filipino Unrest

PARIS — Today's editorial in the Herald reads: "Some uneasiness has been created in Manila by the flaunting of the revolutionary flag in native gatherings and processions of late. This uneasiness is not altogether groundless. The Filipinos are a somewhat excitable race with an overwhelming idea of their own capabilities and a rudimentary respect for law and order. It would be the height of imprudence for the American authorities to wink at the recurring display of seditious emblems and to permit the independentist demagogues to indulge in inflammatory harangues. A meeting of American residents has been called to devise a way of combating the thinly veiled revolutionary movement."

### 1932: Hitler's Policy

PARIS — Today's editorial in the Herald reads: "The announcement of a Hitler foreign policy to be based upon alleged racial affinities, with propaganda in Holland and Scandinavia as a prelude to it, will be received as a decidedly amusing item of news. The anti-Semitic aspect of Hitlerism has been duly discounted in Germany by Nazi leaders as an appeal for votes to a medieval-minded peasantry. The 'Aryanism' of the movement is still safer, because the term is so elastic that it means anything linguistically it means nothing racially. A scientific survey of the German Nazis would almost certainly exclude Herr Hitler himself from the company of the Nietzschean elect."

JOHN HAY WHITNEY (1904-1982), Chairman  
KATHARINE GRAHAM and ARTHUR OCHS SULZBERGER, Co-Chairmen

LEE W. HUERNER, Publisher  
Executive Editor: ROLAND PINSON  
Editor: RENE BONDY  
Associate Editor: FRANCIS DESMAISON  
Deputy Editor: RICHARD H. MORGAN  
Deputy Editor: RICHARD H. MORGAN  
Associate Editor: RICHARD H. MORGAN

International Herald Tribune, 181 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France  
Telephone: 747-1265. Telex: 612718 (Herald), Cables: Herald Paris.

Directeur de la publication: Walter N. Thayer.  
General Manager, Asia: Alan Levart. 24-24 Hengyang Rd. Hong Kong. Tel: 5-28 56 18. Telex: 61170.  
S.A. au capital de 1,200,000 F. R.C.S. N° 31201126. Commission Paritaire N° 34231.  
U.S. subscriptions: \$350 yearly. Second-class postage paid at Long Island City, N.Y. 11101.  
© 1982, International Herald Tribune. All rights reserved.



# Divided and Frustrated, Namibians Are Skeptical of Independence Talks in N.Y.

By Alan Cowell  
New York Times Service

WINDHOEK, South-West Africa — Within the rim of other hills that contain South-West Africa's capital, there are many who claim to speak for one constituency or another, but none who have a direct voice in the talks under way in New York on their future and on the fate of this arid territory.

Resentment at the exclusion of the "whites" from the talks, and the frustration of the "whites" at the exclusion of the "blacks," are the two main reasons for the skepticism of the talks in New York. The "whites" are the 16-year-old guerrilla war and bring it to independence as majority-ruled Namibia.

Yet, particularly among the

75,000 whites, the ideas and alternatives being sought to reassure a grip on their own destiny — expressed through such terms as "internal settlement" and "unilateral declaration of independence" — seem certain to further distance those whose voices go unheeded from those the whites need to influence.

## Prism of History

And, through the prism of recent history, the "whites" putative solutions are of the same mold as other attempts elsewhere that were designed to prolong minority influence under the mantle of democracy.

At a recent count, there were 45 political groups in South-West Africa, widely known as Namibia.

Fitted against them is the insurgent South-West Africa Peoples

Organization, or SWAPO, which is led by Sam Nujoma and is fighting a low-key guerrilla campaign from bases in southern Angola against South African dominance of the territory's economic, military and political life.

The insurgents are represented at the negotiations in New York, where the United States, Britain, Canada, France and West Germany are seeking a settlement that will enable the United Nations to supervise a cease-fire and elections in this former German colony and so bring independence.

There is, however, widespread skepticism among political groups here about whether the talks will succeed, and many have directed their thoughts at alternatives to an internationally orchestrated settlement.

"People are very pessimistic

about a solution," said Dr. Ben Africa, a man of mixed race who belongs to the Democratic Turnhalle Alliance. This group, based on 11 separate ethnic and racial groups, came to be the nominal government of the territory through elections in 1978. But the elections won no international recognition because they were supervised by the insurgents and were based on racial separation.

Among the options he listed were the formation of a "government of national unity" among the territory's fractured groups and, "very much as a last resort," a unilateral declaration of independence, the mechanism by which the whites of what was then Rhodesia, now Zimbabwe, sought to stem black nationalism in 1965.

The chairman of the Council of

Ministers drawn from the alliance, a white rancher named Dirk F. Mudge, voiced anger that "only SWAPO is consulted" at the New York negotiations. He said he still hoped for an internationally blessed settlement, but should the talks collapse, then the "people of the country" should "come together and decide what they want."

## "Fight to the Bitter End"

Jannie de Wet, a leader of the National Party, which speaks for the Afrikaner majority among the whites, said: "The only way to stop SWAPO is to fight to the bitter end," putting forward the view that an insurgent victory would be a Soviet triumph in a global contest.

A victory by the insurgents, he said, would bring "chaos, bloodshed, poverty, hunger and

thirst," and Namibia, much of it desert, would become "the poorest country in Africa."

In this analysis an alternative must be found that would "safeguard minority rights," a term that has been used elsewhere in Africa as the code for continued white influence in the rearguard actions against majority rule.

The solution, Mr. de Wet said, would be for each racial group to choose its own leaders, look after its own affairs, but have equal representation at the national level.

The idea of any dilution of total white power might seem doubtful to some Afrikaners, so Mr. de Wet's proposal could be interpreted as a concession to the pressures for majority rule, but not one that approaches the demands of either the insurgents or the Western negotiators.

Mr. de Wet said he put his "internal-solution" plan to the negotiators recently, but was rejected. He predicts that there will be a mass exodus of whites with their money and skills because "they will not be prepared to live under a Marxist government and a SWAPO government."

Such utterances have been frequent in African countries before independence that nonetheless have maintained a white presence under black rule.

Common to thoughts of an internal settlement is the acknowledgment that it could only be fostered under protection of the South African Army. That, in itself, would probably further the insurgent cause.

"SWAPO is seen as good because it opposes South Africa which represents everything bad,"

said Otilie Abrahams, secretary-general of the small National Independence Party, alluding to perceptions of the black majority.

The insurgents draw most of their support from the Ovambo tribe, which accounts for just over half the population. But Mrs. Abrahams said the guerrilla organization has fanned expectations among the black majority to levels that cannot be fulfilled and has failed to implant national unity before independence.

Some of the other tribal and racial groups not included under Mr. Nujoma's banner, Mrs. Abrahams said, are being armed under a conscription system in South-West Africa.

In her analysis, which seems as pessimistic as most in Windhoek, "Namibia will be right for destabilization" whoever wins.

## Critics in Turkey Warn New Draft Constitution Allows for Repression

By Hugh Carey  
Reuters

ANKARA — A clamorous and sometimes acrimonious debate is going on in Turkey over a draft constitution published as the blueprint for the country's return to democracy.

The 200-article charter has been widely criticized as envisaging a potentially repressive system ruled by a powerful president, and as being too long and poorly thought out.

But time is not on the side of those who want major changes.

The military-appointed National Consultative Assembly

overwhelmingly approved the draft in principle last week despite many criticisms. Members appeared to realize that a rejection could set back the military regime's promise to hold elections for a new government by the first half of 1984.

## Referendum in November

The assembly will debate the document article by article, but it must produce a final version in time for a national referendum on the constitution in November.

Diplomats and political commentators say that for this reason the draft's central elements will almost certainly remain intact until then, although some parts may be revised or even dropped.

The draft was drawn up by a 15-member Constitutional Commission chaired by Orhan Aldikaci, a law professor. Political and diplomatic sources say the commission was not pressured by the regime.

The constitution would replace one imposed after a military coup in 1961 that set up a bicameral parliament with a largely ceremonial president. That constitution was abolished after the coup that brought the military to power in September, 1980.

## Presidential Powers

The draft provides for an executive president as head of state. He would be elected to a five-year term by universal suffrage.

The president would appoint the premier, not necessarily from within parliament, and would preside over the Cabinet. He could rule by decree if a state of emergency were declared.

He would also have the right to dismiss the premier and dissolve parliament.

The draft also envisages a state consultative council appointed

mainly by the president. That body would advise him and a national security council as a kind of inner cabinet. It would include senior military figures whose recommendations would be binding.

Under the draft, personal rights and freedoms and press freedoms could be suspended to protect the integrity of the state.

## Curbs on Parties

Political parties based on Communism, fascism, religion or any form of dictatorship would be banned, and trade unions would be barred from taking part in political activity.

When it was first published in July, the draft drew hostile comment from newspaper columnists. Thirteen of the 15 Constitutional Committee members said they were dissatisfied with it, and Consultative Assembly members expressed anger over a newspaper report quoting Mr. Aldikaci as saying that all those who criticized the document were ignorant.

He denied the statement, but the newspaper insisted that he had made it. Several politicians said the comment showed that they were being forced to accept a constitution that they said placed no trust in the people.

Critics also said the draft placed potentially repressive restrictions on personal freedom, gave too much power to the president and was dangerously confused about the interaction of the various bodies it envisaged.

## Vagrancy Provision Assailed

They also assailed it for its length and for the inclusion of such subjects as the color of the national flag, resolutions to help the aged and to promote physical fitness and a clause allowing for the jailing of vagrants.

A magazine said that if the vagrancy provision were interpreted as meaning those without a regular home or source of income, as many as five million people could be imprisoned.

But many members of the assembly expressed general support for the draft, saying it envisaged a strong government that would prevent a return to the days before the military coup. During the early part of 1980, as many as 25 people were dying daily in political violence.

Leftist sources said the draft could cause more violent upheaval in the future.



A crowd gathers around a floral cross in Warsaw's Castle Square. It is one of two crosses that were set up after authorities objected to protests held around another one in Victory Square.

## Riot Police Disperse Warsaw Crowd Demonstrating at New Floral Cross

### The Associated Press

WARSAW — Riot police threatening to spray a water cannon dispersed several hundred people who had gathered peacefully Saturday night on Warsaw's Castle Square on the outskirts of the city's Old Town.

The protesters were gathered at a 20-foot floral cross built earlier in the evening. They were just a few blocks from Warsaw's Victory Square, which had been the main protest gathering place until Friday, when authorities sealed it off to the public with a wooden fence.

When riot police positioned a dozen vehicles and the water cannon at Castle Square, the crowd broke up. But about 300 Poles sang religious songs and hymns at a second floral cross outside St. Ann's Church nearby.

### Official's Warning

Another 1,000 people watched the scene from the sidewalks. Police checked documents of some passers-by, but there were no incidents and there were no reports of arrests or detentions.

Also on Saturday, a Polish deputy premier asserted that the martial-law regime will confront domestic opposition with "nerves of steel," as authorities intensified their campaign to disperse Poles.

## Spadolini Plans to Present List of Ministers on Monday

### Compiled by Our Staff From Dispatches

ROME — Premier-designate Giovanni Spadolini said Saturday that he would give President Sandro Pertini on Monday a list of proposed Cabinet ministers for Italy's 42nd government since World War II.

The list of ministers to replace Mr. Spadolini's previous coalition Cabinet, which collapsed earlier this month, is expected to go to parliament by midweek for the required vote of confidence.

### Meets Party Leaders

The announcement was made as Mr. Spadolini, leader of the small Republican Party, ended two weeks of consultations with political leaders on economic and institutional reforms and finally won the Socialist Party's agreement to forge a new coalition.

Mr. Spadolini held a meeting Friday night with leaders of the five parties that he hopes to include in the new government and

then spoke with them informally on Saturday.

In addition to economic issues, the talks centered on the distribution of Cabinet seats among the Christian Democrats, Socialists, Social Democrats, Liberals and Republicans.

The five-party coalition collapsed Aug. 7 when the Socialist Party withdrew in a squabble with the dominant Christian Democrats over a Socialist-sponsored tax bill that was defeated in Parliament.

Mr. Pertini quickly appointed Mr. Spadolini to form a new government in an effort to avoid holding national elections two years ahead of schedule. The Socialists agreed to rejoin the coalition after extracting promises of parliamentary reform and another vote on the defeated tax bill.

Mr. Spadolini's breakthrough left unresolved the problem of mutual enmity between the Christian Democrats and Socialists, political sources said.

The article appeared in the International Herald Tribune on Friday. A Foreign Ministry official instructed Mr. Darton to return to the ministry on Monday and not to file any more dispatches before then.

### Reporter's Papers Suspended

The New York Times News Service reported from New York that the Polish government had suspended for three days the accreditation of John Darton, the Times's correspondent in Warsaw.

Mr. Darton was called in and informed that the government had disputed some of the facts in a dispatch reporting mistreatment of inmates at a detention center in northern Poland on April 14.

The extremists of the suspended union ... want to prove that they present an influential political force, which can impose its solutions. One thing is certain — the [regime] will preserve nerves of steel and will work resolutely ... to preserve law and order."

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

## Kenya's Air Force Is Disbanded After Coup Attempt Against Moi

### Reuters

NAIROBI — President Daniel Arap Moi has formally disbanded the Kenyan Air Force, most of whose personnel have been in custody since they attempted a coup against Kenya's pro-Western government Aug. 1.

An announcement from the president's office on Saturday said that the air force was being disbanded because of its rebellion and that a new air force would be formed under the command of Maj. Gen. M. Mohamed. Gen. Mohamed, believed to be from Kenya's ethnic Somali minority, played a key role at the head of loyalist troops who crushed the Aug. 1 rebellion.

Informal sources said he personally led the forces that recaptured the Voice of Kenya radio station, from which the rebels broadcast statements announcing President Moi's downfall.

As many as 2,000 air force men were being held pending court-martial, the sources said. The force is believed to have had about 2,500 men before the rebellion.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

The rebellion was led by the air force ground support unit, which is trained in infantry tactics to protect bases and key installations. Several fighter aircraft flew over Nairobi during the revolt, and it is still not known whether their pilots were demonstrating in favor of or against the revolt.

The pilots of a transport aircraft were forced to fly to Tanzania by a sergeant and a private who are to stand trial there for kidnapping.

The backbone of the Kenyan Air Force is a squadron of U.S.-built F-5 Freedom fighters. There is also a unit of Strikemaster aircraft for anti-guerrilla operations.

Whether these units are still active is not clear, but transport aircraft of the Kenyan Air Force are now seen frequently over Nairobi.

News of the air force disbandment coincided with announcement of the dismissal "in the public interest" of Ben Gethi, the police commissioner. The dismissal of Mr. Gethi, thought to have been one of the men who pursued fugitive rebels most energetically, did not have political overtones, diplomatic sources said.

He is being replaced by Bernard Njiru, formerly head of the presidential escort.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

### Guerrillas Claim to Kill 28 Somali Soldiers

### Reuters

NAIROBI — Guerrillas fighting to overthrow President Mohammed Siad Barre of Somalia said Sunday that they had killed 28 government soldiers and captured an unspecified number in the Balambale area of Galdogod province.

Radio Kulmiis, voice of the Somali Democratic Salvation Front, said in a broadcast monitored in Nairobi that a guerrilla had been slightly wounded in the clash. It gave no date for the fighting.

## News Agency Reform Disputed in Portugal

By Rob Roy Buckingham  
New York Times Service

LISBON — Premier Francisco Pinto Balsemão is seeking to replace the national press agency, ANOP, with an independent cooperative news agency free of state control. But the effort is opposed by Portugal's president, Antonio Ramalho Eanes, and a number of journalistic groups that question whether the new agency would actually be free of government control.

The decree to close Agência Notícias Portuguesa must be signed by Gen. Eanes before it can take effect. Last Thursday, the president told Thea Bogart, secretary-general of the International Federation of Journalists, and Gerard Qatnot, the federation's vice president — who were here in support of ANOP — that he would not "sign because he was not satisfied with the official explanation for the government's action."

If the president should veto the decree, Mr. Balsemão's government would need a two-thirds majority in the 250-seat Assembly of the Republic to override.

Mr. Bogart and Mr. Qatnot said at a news conference that they "suspected there were 'hidden reasons' for the government's action



# Brazilians Raze Their Historic Homes



João Carlos Martins, secretary of culture in the Brazilian state of São Paulo, outside a once-ornate house destroyed on instructions of its owner before it could be declared a historical site.

## Agency Cites Rise in Third World In Smoking and Related Illnesses

GENEVA — World Health Organization officials are growing concerned about the spread in the Third World of what the agency calls the "smoking epidemic."

Statistical evidence is mounting at WHO headquarters here that a steady increase in cigarette smoking in developing countries is accompanied by soaring rates of lung cancer and cardiovascular diseases.

The statistics, which WHO officials acknowledge are incomplete, suggest that tobacco use has been growing by 5 percent annually in the Third World in recent years, while it has slowed in the West.

Experts blame the trend at least partly on what they charge is aggressive sales promotion by Western cigarette manufacturers looking for new markets.

tries to many of the most cynical and discredited forms of advertising that are no longer acceptable in most Western countries."

In Malaysia, for example, each brand of tobacco has its own sport. In Kenya, cigarette advertising is banned on television, but mobile cinemas that travel the country show tobacco advertisements along with films.

In response to the aggressive promotion tactics by the major cigarette manufacturers, a paper on a recent regional WHO-sponsored meeting in Swaziland urged Third World governments to take measures "to avoid relearning the lessons of the industrial world."

A recent WHO booklet recommends government measures ranging from curbs on advertising to restrictions on smoking in public places.

"An added assault by the tobacco industry on people in developing countries is the high tar and nicotine content of cigarettes marketed there," says another WHO publication. Except for Egypt, no developing country requires package information on tar and nicotine levels.

Roberto Masironi, coordinator of WHO's smoking and health program, said tests are being conducted in WHO laboratories in the United States and Canada to determine whether cigarettes sold in developing countries have higher nicotine and tar contents than the same brands sold in the West.

An independent report, cited by WHO, claims that tar yields of four brands of cigarettes sold in the Philippines are twice those of the same brands marketed in the United States, Britain and Australia.

In some countries, growth of cigarette smoking has been spectacular. Sales in Thailand, for example, increased by 30 percent between 1970 and 1977, with one person in five older than 10 smoking. One-fifth of the average income there is spent on cigarettes.

In India, cigarette smoking has gone up by 90 percent in 20 years. In Pakistan, it has increased by 60 percent in 10 years, and in Sri Lanka, it is increasing by 8 percent each year, according to WHO surveys. In Bangladesh, 71 percent of the men and 20 percent of the women in "lower socioeconomic groups" smoke, according to one of the surveys.

Lung cancer is now the most common type of cancer among men in the Philippines, and it is slowly increasing among women. In Pakistan, it jumped in four years from fourth to first place in a list of the most often observed malignant growths.

Mr. Masironi said government response to WHO's smoking control campaign has been "ambivalent" in developing countries, and noted that for most of them, tobacco growing and taxes on tobacco and producers and distributors are a major source of revenue.

## Kiss and Kitchen for a Cosmonaut: A Woman's Place on the Salyut-7

MOSCOW — Svetlana Savitskaya, the second woman in space, was greeted on board the orbiting Soviet space station Salyut-7 by two male cosmonauts with kisses, flowers and bars that would have made a Western feminist grin.

The remarks, aired on Soviet national television Saturday, occurred shortly after Miss Savitskaya and her two crewmates floated into the space station and were met by Col. Anatoly Berezhovoy and Valentin Lebedev.

Mr. Lebedev told Miss Savitskaya: "We've got an apron ready for you, Svetlana. ... It's as if you've come home. We have a kitchen for you, not exactly a kitchen, more a canteen. You've got an apron. Now you can cook."

Miss Savitskaya, 34, was reported by Tass to have set 18 women's world aviation records, to have made more than 500 parachute jumps and to have flown more than 20 kinds of aircraft. She is to be a researcher in a week of experiments.

Her crewmates are Leonid Popov, 36, the crew commander, and Alexander Serebrov, 38, the flight engineer. Col. Berezhovoy and Mr. Lebedev have been on the space station since May 14.

## George D. Woods Dies in Lisbon, Was President of the World Bank

NEW YORK — George D. Woods, 81, an investment banker who served as president of the World Bank from 1963 to 1968, died Friday at his home near Lisbon.

He was a founder and eventually chairman of the board of the First Boston Corp., one of the leading investment houses in the United States, and served as a director of numerous companies during his career.

Mr. Woods, a former director of the New York Times Co., was at his death one of three trustees of the Ochs Trust, which holds a controlling interest in The New York Times Co. The other trustees are Iphigene Ochs Sulzberger and her son, Arthur Ochs Sulzberger, the publisher of The Times.

In the late 1950s Mr. Woods, on a special assignment for the World Bank before he became its president, helped straighten out the financial chaos left by nationalization of the Suez Canal by Egypt.

"A Lot of Good"

Mr. Woods' favorite expression, according to his wife, the former Louise Taralson, was, "You can accomplish an awful lot of good if you don't care who gets the credit."

George David Woods, the son of a naval shipyard worker, was born in Boston on July 27, 1901. He spent his boyhood in Brooklyn, N.Y. After the death of his father and with only a diploma from Brooklyn Commercial High School, Mr. Woods set out for a career on Wall Street at the age of 17. He started as an office boy in the firm of Harris, Forbes & Co.

The banking upheavals of the 1930s saw his firm transformed into the First Boston Corp., a leading investment-banking house. He became chairman of the board of First Boston in 1951.

President John F. Kennedy nominated Mr. Woods to president of the World Bank in 1962. Mr. Woods served a full term of



George D. Woods

Michigan, 1938-1948. Mr. Crisler had a 116-32-9 record. His Michigan teams won the Big Ten conference championship twice and the Rose Bowl once, in 1949.

**Teiji Ito**  
NEW YORK (NYT) — Teiji Ito, 47, a composer known especially for his theater and dance music, died of a heart attack Monday in Haiti.

Mr. Ito won an Obis Award for theater music during the 1960-61 season, based on his scores for the Off-Broadway productions of "Three Modern Japanese Plays," Brecht's "In the Jungle of Cities," for the Living Theater, and a cante production of "King Ubu." He composed the score for the original 1963 production of "One Flew Over the Cuckoo's Nest."

**Murdock Pemberton**  
NEW YORK (NYT) — Murdock Pemberton, 94, the first critic for The New Yorker magazine, died in his sleep Wednesday night.

He wrote art criticism for The New Yorker for seven years, beginning in June 1925, when the magazine was founded. He returned to the magazine again in the 1950s.

**Hilliard Herbert Marks**  
PORTLAND, Ore. (AP) — Hilliard Herbert Marks, 69, an Emmy Award-winning writer and producer, died Thursday of heart failure.

Mr. Marks worked with Jack Benny, his brother-in-law, for 37 years and is credited with developing some of the comedian's best-known lines and his comic misanthropic attitude and insistence that he was still 39 years old. He began producing for Mr. Benny in 1946 and won an Emmy in 1958 as producer

By Warren Hoge  
New York Times Service  
SAO PAULO — Owners of ornate old town houses along this city's most expensive thoroughfare have been destroying their own homes to forestall a zealous new state official's campaign to have the properties declared untouchable in the name of historic preservation.

The official, João Carlos Martins, who is one of the world's leading concert pianists, has tackled his new job as state secretary of culture with the same gusto he displays in addressing his specialty, Bach, on the keyboard.

"He has brilliance, drive and force," a review in The New York Times once said after a performance by Mr. Martins in June to save some of the 31 fanciful mansions and palaces that remain tucked between the steel skyscrapers along Avenida Paulista.

The outspoken musician made it a goal when he took over the cultural secretariat in June to save some of the 31 fanciful mansions and palaces that remain tucked between the steel skyscrapers along Avenida Paulista.

Prestige Address  
The 1.4-mile-long (2.2-kilometer) boulevard, envisioned by its turn-of-the-century designer as the Champs-Élysées of the New World, was once home to coffee barons and immigrants who made fortunes from Brazilian land. But today Avenida Paulista is the prestige address of banks and business, as fetching up to \$60,000 a square foot (one-tenth of a square meter) on the real-estate market.

The state of São Paulo, which is responsible for nearly half of Brazil's gross national product, typifies the development-minded Brazilian mentality, which has little use for relics of the past. Mr. Martins, by contrast, is an admirer of antiquity.

Brazil, he said, does not have people like Jacqueline Onassis, who fought to save New York's Grand Central Station, and Isaac Stern, who fought a similar battle for Carnegie Hall. "It's very difficult to have a cultural policy in this country with the kinds of laws we have," he said.

The current controversy began when Mr. Martins sent notices to the owners of the remaining Avenida Paulista homes saying the government was contemplating ordering their preservation. The owners were thereby barred for 30 days from altering their properties in any way.

Wave of Demolition  
The immediate effect was the precise opposite of what Mr. Martins had intended. Within days, four of the homes had been irretrievably torn apart by demolition teams sent in by the owners themselves. On a subsequent night, Mr. Martins stood vigil outside another, but the wreckers simply waited to go to work until after he left at 1:30 a.m.

The town houses "look like victims of an aerial bombardment," said Modesto Carvalhosa, a lawyer who specializes in real estate. On the gate to one of the demolished estates, an anonymous critic left the one-word comment *absurdo*, with the "s" transformed into a dollar sign.

One owner offered the excuse that she had never received the official notice. Mr. Martins confirmed the claim, saying that she had fled out a back door when the summons-bearer appeared.

A second owner, head of a major banking family, pointed out that he had recently been offered \$14.9 million for the land on which the mansion had stood.

Mr. Martins is sympathetic to these arguments, though he called the owners' tactics vandalism. He said he had sent out the 30-day notices to gain time to come up with a new law that would offer some realistic compensation to the owners.

A volunteer panel of lawyers and architects is now drawing up the new measure. They plan to incorporate elements of legislation from the United States, Canada and, principally, France that would provide government subsidies for restoration, reduce or waive real estate taxes and reward cooperating owners with development acreage elsewhere.

In a debate occasioned by the controversy, all but one of the speakers agreed that there had to be indemnification for the owners. "The constitutional guarantees of private property are violated by noncompensated preservation," The one dissenter, Jose Afonso da Silva, who is a professor of law at the University of São Paulo, said, "We can't subordinate social interests to private ones."

**Iraqis Threaten Iranian Oil Outlet**  
BEIRUT — Iraq said Sunday that it would destroy the Iranian oil terminal on Kharg Island in the Gulf if Iran refused to make peace.

The official Iraqi news agency said the threat of destruction of Iran's main oil outlet for oil exports was the second stage of an Iraqi warning to Iran. The first stage was to threaten to bomb any foreign ship that tried to dock there.

Iran says Iraq is incapable of carrying out its threats and denies an Iraqi report that it bombed the terminal Wednesday.

**Plant Blast in Japan Kills 4**  
TOKYO — An explosion ripped through a synthetic resin factory south of Osaka, killing four workers and injuring more than 60 others.

# International Bond Prices — Week of Aug. 19

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES										STRAIGHT BONDS									
Amst. Security										All Currencies Except DM									
Yield										Yield									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									
100										100									



# Herald Tribune

## BUSINESS / FINANCE

MONDAY, AUGUST 23, 1982

Page 7

### Not All Bond Investors Are Fleeing to 'Quality'

By Terry Gross  
International Herald Tribune

PARIS — Last week was one of the busiest for the Eurobond market in recent memory, and one striking feature of the hectic trading was that all issues — not just the top-quality names — traded well.

#### EUROBONDS

points by the time the market peaked Thursday morning.

Quality, it seems, was in the eye of the beholder.

In London, judging from a large cross section of traders, triple-A — whether the issuer was U.S. corporate or sovereign or supranational — was just about the only game in town.

"All you can sell these days," said Samuel Eliebrecht-Kemena of Hill Samuel & Co., "is a name that rings a bell with people and is sexy."

Craig Anderson of Lehman Brothers Kuhn Loeb International agreed. "Basically, the simple triple-A concept works," he said. "The EIB (European Investment Bank) is more in vogue than it has been in some time."

The Eurobond market has never been open to low-rated U.S. companies, but over the past two months there has been a great deal said in favor of double-A and triple-A rated issues while single-A or triple-B issues seemed to be collecting dust.

"Since the difference between good quality and lesser quality is widening," said Kenji Miyamoto, trading manager for Fuji International Finance, "we have to stick to good names."

"People are nervous enough not to want to have anything to do with anything that isn't triple-A," said Roger Atkins, head of the Eurobond section at James Capel & Co. Describing his trading strategy, he added: "We're sticking to supranationals almost exclusively. We're going to be boring but solid."

#### Profits on Switching

Most London traders said that they were recommending a strategy of switching among quality bonds. Switching, or the buying and selling of issues on a closely managed, day-to-day basis, offers very lucrative profit potential, they said.

One London representative of a Middle East bank, asking not to be named, said that the only positions he would take on a buy-and-hold basis were floating-rate notes. "Our approach tends to be a defensive one," he added.

"These markets are so volatile, we advise our clients to trade their portfolios," said Joseph Cook of Orion Royal Bank. He said that with the market going up and down several times a week, "you can either sit back and watch it or you can switch. There are lots of opportunities."

A study of the price movements last week offers proof that there is money to be made in switching within the quality spectrum. Granted it was a volatile week, but the average daily price movement of all the issues examined was about 1/2 percent. For the triple-A rated issues, the change was an average of 13/16 of a day.

The quality argument was also strongly voiced in New York. "On this side of the Atlantic, quality is king," said Andrew Morse of Drexel Burnham Lambert.

#### Good Firms Gone Bad

He added that investors were in the market because they thought interest rates were going to keep falling. He noted that they did not want to wake one morning to learn that their bond issuer was in financial trouble.

But there were those traders who were looking beyond the rating assigned to the borrower.

A good name, after all, can find itself in deep trouble. Ask anyone who two years ago bought some of International Harvester's \$115 million of five-year notes. Issued at 99 percent, they are currently trading at about 45 percent.

An extreme case? Perhaps, but as Perry Aldred, managing director of Ross & Partners (Securities) of London, noted, even issuers of such unquestioned quality as IBM have undergone changes in financial position that are not evident in continuing triple-A ratings.

"When the success of the latest IBM issue was ringing round the world," he wrote of the \$100-million, five-year issue that was signed Wednesday night, "we were reminded of the cash mountain the company owned as recently as five years ago. Six billion dollars of it [negligible debt]. At the last balance sheet date, IBM had \$2 billion of cash and \$3.5 billion of

#### Robond Yields

Week Ended Aug. 18	Yield
10-yr. term U.S.	14.01%
10-yr. term U.S.	13.79%
medium term, U.S.	13.16%
10-yr. term U.S.	12.79%
10-yr. term U.S.	12.28%
10-yr. term U.S.	12.22%
10-yr. term U.S.	12.22%
10-yr. term U.S.	12.22%
10-yr. term U.S.	12.22%
10-yr. term U.S.	12.22%

#### at Turnover

U.S. Dollars	Non-dollar
Total	4,285.1
Outflow	5,435.8
Net	1,150.7

debt, a deterioration, on one crude method of calculation, of \$7.5 billion."

Concerning the possibility of a good company going bad, he wrote: "There is no way the agencies can adjust their ratings sufficiently drastically without running the risk of being accused of precipitating the very financial scare that their... system is designed to signal."

He said that last week, "almost all the lesser quality issues were swallowed up, things you couldn't give away a week ago."

One reason may be the yield; a substantial difference exists. A sample at week's end of triple-A rated seasoned issues showed an average yield of 13.23 percent, as opposed to an average for a sample of lesser-rated issues of 14.72 percent. The difference is almost 150 basis points, a basis point being one one-hundredth of a percentage point.

Not everyone agreed. "I wouldn't care if the difference were 200 basis points," said Hill Samuel's Mr. Eliebrecht-Kemena, "I couldn't justify it."

He also said that market sentiment was strongly against certain sectors, such as U.S. and Canadian banks, and that as a result these bonds would underperform the market.

#### New Names

But the difference in yield looks very good in a number of trading centers, particularly on the Continent.

One West German trader, asking not to be named, said: "Single-A's especially are going quite well. People are buying the name, but also the yield."

He added that many of these issues were sought because they fit into almost everyone's portfolio. "Their portfolios are full of supranationals and the big-name U.S. corporations. They are after these new names to the market." As examples of companies whose paper was being sought, he cited ITT, Sperry Rand, Tenneco and Black & Decker, all rated single-A or triple-B.

A London trader said that with the disparity in yields, "if something looks interesting, the Swiss will go for it."

A German banker, speaking of such issues as Black & Decker and ITT, said: "They are being bought by Germans and in Switzerland. The people think that their quality is good enough."

Carl Gewirtz is on vacation. His columns will resume Sept. 13.

### NEW EUROBOND ISSUES

Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Bk Fur Arbeit & Wirtschaft	\$40	1990	+ 1/4	100	—	Over 6-month Libor. Minimum 54%.
Credit Foncier	\$60	1990	+ 1/4	100	—	Over 6-month Singapore offered rate.
Deutsche Bank Finance	\$200	1989	13 1/4	100	13 1/4	Non callable.
Fluor Finance	\$100	1989	14	100	14	First call at 101 1/2 in 1984. Premium declining by 1/2% each year to par.
Girozentrale & Bk	\$30	1989	15 1/4	100	15 1/4	Non callable.
Pembroke Capital Co.	\$200	1992	12 1/2	100	12 1/2	First call at 101 1/2 in 1989.
South California Gas Corp.	\$20	1989	15	100	15	First call at 101 1/2 in 1989.
Black & Decker	\$100	1989	9 1/4	99 1/2	9.23	Non callable.
ITT Antilles	\$100	1992	9 1/4	100	9 1/4	First call at 101 1/2 in 1989.
Norsk Hydro	\$100	1992	9	99 1/4	9.09	Non callable.
World Bank	\$200	1992	9	100	9	Non callable.
Sears Roebuck & Co.	\$100	1989	10 1/4	100	10 1/4	Non callable.
World Bank	\$200	1992	9	100	9	Non callable.
Quebec Province	\$50	1988	16 1/4	100	16 1/4	First call at 101 in 1984.

### As Interest Rates Drop, Other Worries Emerge

By Michael Quint

New York Times Service

NEW YORK — The long-awaited drop in interest rates appears to be under way. The decline in short-term interest rates, which began in late June, finally spread in earnest to the long-term bond market last week.

But the higher prices in the bond market could be construed as a celebration of hard times for the rest of the economy: Interest rates

#### U.S. CREDIT MARKETS

have stayed high until nearly a third of U.S. manufacturing capacity is at a post-World War II high of 9.8 percent and a growing list of borrowers are unable to pay their debts.

"The long-term trend in rates is definitely downward," said Robert Schwartz, an economist at Merrill Lynch Government Securities Inc. "But there are still some major problems."

Robert H. Parks, an economic consultant, said that rates will fall whether or not the Federal Reserve increased money supply growth; he cited "the absence of any demand pull inflation for a long period ahead and a likely continued and furious attack by business on costs" in order to restore profits.

Even after last week's rally in the bond market that reduced the yield of 30-year Treasury bonds to 12.12 percent from 12.65 percent, the bond yield remains well above the recent rate of inflation. Prices

are rising at an annual rate of only about 6 percent, well below the double-digit levels of 1979 and 1980.

The most pressing problem now is "the fragility of the financial system," according to Alan C. Lerner, senior vice president at Bankers Trust Co. Thus, it should come as no surprise that the Fed's role as "lender of last resort" should take primary importance over its job of controlling growth of the money supply, Mr. Lerner said.

"I have never seen the management of this bank so worried about the business outlook," said the chief economist at another major New York City bank.

The Federal Reserve shares the concerns that the banking system is being strained and has encouraged a drop in short-term rates. While investors still shy away from long-term bonds because of uncertainty about inflation and interest rates years in the future, the decline of short-term rates to 9 percent and less is a powerful inducement to buying longer-dated securities. There has been heavy buying of notes due in two, five and 10 years.

The Fed has been able to encourage lower short-term rates overtly since late June because money supply growth has slowed and is not expected to grow rapidly in the midst of a weak economy.

In the latest reporting week, ended Aug. 11, M-1 fell a modest \$100 million.

While some economists are worried that a September bulge in

#### U.S. Consumer Rates

For Week Ended Aug. 20

Postbook Savings	5.50%
All Savers	8.94%
6-Month Savings Certificates	10.95%
12-Month Savings Certificates	10.95%
Money Market Funds	11.40%
Home Mortgage	12.28%

money supply could lead the Fed to make credit scarcer in the banking system, thereby pushing up rates, others are worried that the Fed's problem will be to keep growth from falling below target.

"The Fed is trying to ease, but there has to be somebody who wants to borrow" before lower interest rates have the desired stimulative effect on the economy, commented John Rutledge, chief economist at Claremont Economics.

Another old fear that is subsiding is that heavy Treasury borrowings will compete with rising corporate credit demands for investor funds. Albert Winkler, chief economist at First Boston Corp., said that "growing federal deficits will be no impediment to lower interest rates as long as there is no material or sustainable pickup in business."

Because of the grim outlook for the economy, many analysts say last week's stock market surge, which accompanied the decline in long-term rates, is suspect. If the economy is so bad that interest rates will come down, then there is little reason to expect improved profits and higher share prices.

"What I see now in the eyes of chief executives is more cutbacks, more slowdowns, more recession," said Mr. Rutledge of the Claremont Institute. In that kind of environment, he said, companies are not going to embark on large capital spending projects just because rates drop a few points.

How low can rates go? Henry Kaufman of Salomon Brothers warned last week that there could be "dramatic" increases in rates but estimated that over the next 12 months long-term Treasury bond yields could fall to 9 or 10 percent, while overnight bank loans in the federal funds market could fall to 6 or 7 percent.

The last time rates were at those levels was in June, 1980, during a short-lived episode when the Fed was pumping money into the banking system when economic activity contracted sharply following the imposition of credit controls in March, 1980. Later that year, money supply growth accelerated, inflation was excessive and the Fed began making credit scarcer.

The result was a debacle in the credit markets. The price of long-term Treasury bonds fell 20 basis points, or \$200 per \$1,000 bond, as

their yields rose to nearly 12 percent at the end of the year from 9 1/2 percent in June.

"I'm uncomfortable" buying longer-term notes and bonds, said Richard S. Swingle, a vice president at T. Rowe Price Associates. "I got burned in 1980 and it could happen again." Even so, he said the need to maintain a yield that would be attractive to investors has required him to lengthen the average maturity of one bond fund to 13 years from 9.6 years at the end of June. The next step to preserve yield will be to buy corporate notes and bonds rather than Treasury issues.

Francis H. Schott, chief economist at the Equitable Life Assurance Society, noted that Treasury bond yields have declined only about two percentage points since late June, while short-term rates have fallen five percentage points or more, and concluded that "the long-term bond market is not yet a believer in disinflation."

The insurance company economist added that it would be entirely appropriate for the Fed "to assist the economic recovery" by encouraging slower short-term rates. Along with many other analysts, he said that the Fed has done a commendable job of controlling money growth and bringing down inflation, but that "there is no point in kicking a dead horse by tightening monetary policy."

Even if the drop in rates led to a modest economic recovery with a quickening of inflation, he said the country has still made a good start toward a long-term decline in rates.

The annual report did not project a 1983 rate for Europe, but

### IMF Study Predicts Slow Growth for Industrial Nations

By Hobart Rowen

Washington Post Service

WASHINGTON — The economies of the United States and other industrial nations are stalled and face a further discouraging period of slow growth and high unemployment, the International Monetary Fund says.

Despite the "increasing social and political strains" associated with the growing jobless rolls, the leading agency counseled in a report released during the weekend that premature efforts by governments to expand their troubled economies would result in renewed inflation producing even worse conditions.

The IMF report, produced by the agency's executive directors, said that real economic growth in the industrial world this year will be less than 1 percent. A more precise, but as yet unpublished and revised, forecast by the IMF staff indicates that the growth rate will be less than 0.34 percent.

Virtual Stagnation  
The report's economic analysis showed that 1982 was the third year in a row of virtual stagnation for the Western industrial world. Real, or inflation-adjusted, economic growth was only 1.3 percent in 1980 and 1.2 percent in 1981, compared with a comfortable 4-plus percent average for the 15 or 16 previous years.

The IMF staff forecast for 1983 is for a modest improvement to a 2.5 percent growth rate, which would not, however, reduce the ranks of the unemployed.

Even this figure could ultimately be reduced if the U.S. recovery proves to be weaker than expected, as forecast last week by Henry Kaufman, chief economist at the investment banking firm of Salomon Brothers.

The IMF staff's last published forecast is a decline of 1 percent for the U.S. economy this year, with a recovery limited to 1.8 percent next year. Unpublished revisions may have altered those numbers in a minor way.

By far the biggest setbacks among the industrial nations during the past couple of years have occurred in Europe, which had enjoyed a growth rate of 3.5 percent as recently as 1979. But high oil prices and interest rates triggered a European collapse: The rate dropped to 1.5 percent in 1980 and to minus 0.4 percent last year.

The annual report did not project a 1983 rate for Europe, but

staff assessments see prospects no better than 2.5 percent growth, following 1 to 1.5 percent growth this year.

World-wide recession has hit the poorer nations even harder, the IMF said.

The large group of them that does not possess oil for export had a combined growth rate of only 2.5 percent in 1981, which the IMF said was the lowest in several decades. In recent years, these less developed countries enjoyed real growth rates of 5 to 6.5 percent.

The oil-exporting countries, suffering from a combination of oil glut and recession, have also slipped back. They suffered declines of 2.7 percent in 1980 and 4.6 percent in 1981, and the IMF predicted an even bigger decline this year.

At the peak of the oil boom and OPEC power in 1976, these countries had a growth rate of 12.3 percent.

Another measure of OPEC's troubles outlined in the annual report is that the oil-exporting countries' financial surplus, largely gained from the excess of profits on oil sales over the cost of imports, has declined steeply, from \$116.4 billion in 1980 to \$68.6 billion in 1981. For 1982, the IMF predicted a \$25-billion surplus.

It appears that the only real beneficiaries of OPEC's new difficulties are the industrial nations, which have swung from a \$43.7-billion combined deficit in 1980 to an estimated surplus of \$11 billion this year.

Cautious Lenders  
The developing countries saw their deficits widen from \$86.2 billion in 1980 to \$99 billion in 1981, and to \$97 billion this year.

The report suggested that the poorer countries probably were not able to cut their volume of oil imports as much in percentage terms as did the industrial world, nor were they able to boost their exports to OPEC.

In addition, the poorer nations were hit hard by high interest rates, which worsened their debt-servicing problems, a depression in some commodity prices and protectionist trade policies.

The report also warned that commercial banks are becoming more selective in their lending policies to the point where they may be willing to make new loans only to a few of the largest borrowers among developing nations.

## A new way to settle DM transactions

DM Eurobond transactions can now be settled on German domestic terms delivery against payment.

In association with the Deutscher Auslandskassenverein (AKV) and using a computer link with the German Effektingiro, CEDEL can ensure a safe, fast, efficient and comprehensive clearing service for all DM Eurobonds — opening up an important communication link between the German capital markets and international trading centres.

Instructions received from CEDEL participants before noon, and from German banks before 10.00 a.m. will be accepted for settlement the following day delivery against payment.

For further information, please contact John Croker at CEDEL in London, or Ernest Backes at our Customer Relations Department in Luxembourg.



67 Bd Grande Duchesse Charlotte, P.O. Box 1006 LUXEMBOURG  
Tel: 47 59 31-1 Telex: 2791  
77 London Wall, London EC2N 1BU Tel: 01-628 0642 Telex: 894628

Founded by the market for the market.

مكتبة من الأصول



## International Bond Prices—Week of Aug. 19

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiers Credit Suisse - First Boston

Ant	Security	%	Mat	Price	Yield	Ant	Security	%	Mat	Price	Yield
1	France 100% 1982	100	1982	100.00	10.00	101	France 100% 1983	100	1983	100.00	10.00
2	France 100% 1984	100	1984	100.00	10.00	102	France 100% 1985	100	1985	100.00	10.00
3	France 100% 1986	100	1986	100.00	10.00	103	France 100% 1987	100	1987	100.00	10.00
4	France 100% 1988	100	1988	100.00	10.00	104	France 100% 1989	100	1989	100.00	10.00
5	France 100% 1990	100	1990	100.00	10.00	105	France 100% 1991	100	1991	100.00	10.00
6	France 100% 1992	100	1992	100.00	10.00	106	France 100% 1993	100	1993	100.00	10.00
7	France 100% 1994	100	1994	100.00	10.00	107	France 100% 1995	100	1995	100.00	10.00
8	France 100% 1996	100	1996	100.00	10.00	108	France 100% 1997	100	1997	100.00	10.00
9	France 100% 1998	100	1998	100.00	10.00	109	France 100% 1999	100	1999	100.00	10.00
10	France 100% 2000	100	2000	100.00	10.00	110	France 100% 2001	100	2001	100.00	10.00
11	France 100% 2002	100	2002	100.00	10.00	111	France 100% 2003	100	2003	100.00	10.00
12	France 100% 2004	100	2004	100.00	10.00	112	France 100% 2005	100	2005	100.00	10.00
13	France 100% 2006	100	2006	100.00	10.00	113	France 100% 2007	100	2007	100.00	10.00
14	France 100% 2008	100	2008	100.00	10.00	114	France 100% 2009	100	2009	100.00	10.00
15	France 100% 2010	100	2010	100.00	10.00	115	France 100% 2011	100	2011	100.00	10.00
16	France 100% 2012	100	2012	100.00	10.00	116	France 100% 2013	100	2013	100.00	10.00
17	France 100% 2014	100	2014	100.00	10.00	117	France 100% 2015	100	2015	100.00	10.00
18	France 100% 2016	100	2016	100.00	10.00	118	France 100% 2017	100	2017	100.00	10.00
19	France 100% 2018	100	2018	100.00	10.00	119	France 100% 2019	100	2019	100.00	10.00
20	France 100% 2020	100	2020	100.00	10.00	120	France 100% 2021	100	2021	100.00	10.00
21	France 100% 2022	100	2022	100.00	10.00	121	France 100% 2023	100	2023	100.00	10.00
22	France 100% 2024	100	2024	100.00	10.00	122	France 100% 2025	100	2025	100.00	10.00
23	France 100% 2026	100	2026	100.00	10.00	123	France 100% 2027	100	2027	100.00	10.00
24	France 100% 2028	100	2028	100.00	10.00	124	France 100% 2029	100	2029	100.00	10.00
25	France 100% 2030	100	2030	100.00	10.00	125	France 100% 2031	100	2031	100.00	10.00
26	France 100% 2032	100	2032	100.00	10.00	126	France 100% 2033	100	2033	100.00	10.00
27	France 100% 2034	100	2034	100.00	10.00	127	France 100% 2035	100	2035	100.00	10.00
28	France 100% 2036	100	2036	100.00	10.00	128	France 100% 2037	100	2037	100.00	10.00
29	France 100% 2038	100	2038	100.00	10.00	129	France 100% 2039	100	2039	100.00	10.00
30	France 100% 2040	100	2040	100.00	10.00	130	France 100% 2041	100	2041	100.00	10.00
31	France 100% 2042	100	2042	100.00	10.00	131	France 100% 2043	100	2043	100.00	10.00
32	France 100% 2044	100	2044	100.00	10.00	132	France 100% 2045	100	2045	100.00	10.00
33	France 100% 2046	100	2046	100.00	10.00	133	France 100% 2047	100	2047	100.00	10.00
34	France 100% 2048	100	2048	100.00	10.00	134	France 100% 2049	100	2049	100.00	10.00
35	France 100% 2050	100	2050	100.00	10.00	135	France 100% 2051	100	2051	100.00	10.00
36	France 100% 2052	100	2052	100.00	10.00	136	France 100% 2053	100	2053	100.00	10.00
37	France 100% 2054	100	2054	100.00	10.00	137	France 100% 2055	100	2055	100.00	10.00
38	France 100% 2056	100	2056	100.00	10.00	138	France 100% 2057	100	2057	100.00	10.00
39	France 100% 2058	100	2058	100.00	10.00	139	France 100% 2059	100	2059	100.00	10.00
40	France 100% 2060	100	2060	100.00	10.00	140	France 100% 2061	100	2061	100.00	10.00
41	France 100% 2062	100	2062	100.00	10.00	141	France 100% 2063	100	2063	100.00	10.00
42	France 100% 2064	100	2064	100.00	10.00	142	France 100% 2065	100	2065	100.00	10.00
43	France 100% 2066	100	2066	100.00	10.00	143	France 100% 2067	100	2067	100.00	10.00
44	France 100% 2068	100	2068	100.00	10.00	144	France 100% 2069	100	2069	100.00	10.00
45	France 100% 2070	100	2070	100.00	10.00	145	France 100% 2071	100	2071	100.00	10.00
46	France 100% 2072	100	2072	100.00	10.00	146	France 100% 2073	100	2073	100.00	10.00
47	France 100% 2074	100	2074	100.00	10.00	147	France 100% 2075	100	2075	100.00	10.00
48	France 100% 2076	100	2076	100.00	10.00	148	France 100% 2077	100	2077	100.00	10.00
49	France 100% 2078	100	2078	100.00	10.00	149	France 100% 2079	100	2079	100.00	10.00
50	France 100% 2080	100	2080	100.00	10.00	150	France 100% 2081	100	2081	100.00	10.00
51	France 100% 2082	100	2082	100.00	10.00	151	France 100% 2083	100	2083	100.00	10.00
52	France 100% 2084	100	2084	100.00	10.00	152	France 100% 2085	100	2085	100.00	10.00
53	France 100% 2086	100	2086	100.00	10.00	153	France 100% 2087	100	2087	100.00	10.00
54	France 100% 2088	100	2088	100.00	10.00	154	France 100% 2089	100	2089	100.00	10.00
55	France 100% 2090	100	2090	100.00	10.00	155	France 100% 2091	100	2091	100.00	10.00
56	France 100% 2092	100	2092	100.00	10.00	156	France 100% 2093	100	2093	100.00	10.00
57	France 100% 2094	100	2094	100.00	10.00	157	France 100% 2095	100	2095	100.00	10.00
58	France 100% 2096	100	2096	100.00	10.00	158	France 100% 2097	100	2097	100.00	10.00
59	France 100% 2098	100	2098	100.00	10.00	159	France 100% 2099	100	2099	100.00	10.00
60	France 100% 2100	100	2100	100.00	10.00	160	France 100% 2101	100	2101	100.00	10.00
61	France 100% 2102	100	2102	100.00	10.00	161	France 100% 2103	100	2103	100.00	10.00
62	France 100% 2104	100	2104	100.00	10.00	162	France 100% 2105	100	2105	100.00	10.00
63	France 100% 2106	100	2106	100.00	10.00	163	France 100% 2107	100	2107	100.00	10.00
64	France 100% 2108	100	2108	100.00	10.00	164	France 100% 2109	100	2109	100.00	10.00
65	France 100% 2110	100	2110	100.00	10.00	165	France 100% 2111	100	2111	100.00	10.00
66	France 100% 2112	100	2112	100.00	10.00	166	France 100% 2113	100	2113	100.00	10.00
67	France 100% 2114	100	2114	100.00	10.00	167	France 100% 2115	100	2115	100.00	10.00
68	France 100% 2116	100	2116	100.00	10.00	168	France 100% 2117	100	2117	100.00	10.00
69	France 100% 2118	100	2118	100.00	10.00	169	France 100% 2119	100	2119	100.00	10.00
70	France 100% 2120	100	2120	100.00	10.00	170	France 100% 2121	100	2121	100.00	10.00
71	France 100% 2122	100	2122	100.00	10.00	171	France 100% 2123	100	2123	100.00	10.00
72	France 100% 2124	100	2124	100.00	10.00	172	France 100% 2125	100	2125	100.00	10.00
73	France 100% 2126	100	2126	100.00	10.00	173	France 100% 2127	100	2127	100.00	10.00
74	France 100% 2128	100	2128	100.00	10.00	174	France 100% 2129	100	2129	100.00	10.00
75	France 100% 2130	100	2130	100.00	10.00	175	France 100% 2131	100	2131	100.00	10.00
76	France 100% 2132	100	2132	100.00	10.00	176	France 100% 2133	100	2133	100.00	10.00
77	France 100% 2134	100	2134	100.00	10.00	177	France 100% 2135	100	2135	100.00	10.00
78	France 100% 2136	100	2136	100.00	10.00	178	France 100% 2137	100	2137	100.00	10.00
79	France 100% 2138	100	2138	100.00	10.00	179	France 100% 2139	100	2139	100.00	10.00
80	France 100% 2140	100	2140	100.00	10.00	180	France 100% 2141	100	2141	100.00	10.00
81	France 100% 2142	100	2142	100.00	10.00	181	France 100% 2143	100	2143	100.00	10.00
82	France 100% 2144	100	2144	100.00	10.00	182	France 100% 2145	100	2145	100.00	10.00
83	France 100% 2146	100	2146	100.00	10.00	183	France 100% 2147	100	2147	100.00	10.00
84	France 100% 2148	100	2148	100.00	10.00	184	France 100% 2149	100	2149	100.00	10.00
85	France 100% 2150	100	2150	100.00	10.00	185	France 100% 2151	100	2151	100.00	10.00
86	France 100% 2152	100	2152	100.00	10.00	186	France 100% 2153	100	2153	100.00	10.00
87	France 100% 2154	100	2154	100.00	10.00	187	France 100% 2155	100	2155	100.00	10.00
88	France 100% 2156	100	2156	100.00	10.00	188	France 100% 2157	100	2157	100.00	10.00
89	France 100% 2158	100	2158	100.00	10.00	189	France 100% 2159	100	2159	100.00	10.00
90	France 100% 2160	100	2160	100.00	10.00	190	France 100% 2161	100	2161	100.00	10.00
91	France 100% 2162	100	2162	100.00	10.00	191	France 100% 2163	100	2163	100.00	10.00
92	France 100% 2164	100	2164	100.00	10.00	192	France 100% 2165	100	2165	100.00	10.00
93	France 100% 2166	100	2166	100.00	10.00	193	France 100% 2167	100	2167	100.00	10.00
94	France 100% 2168	100	2168	100.00							



# U.S. Outlines Aid Package for Mexico

WASHINGTON — The U.S. government has outlined a multi-billion-dollar package of aid to help Mexico ride out its worst financial crisis in memory and make good on its huge debts to foreign banks.

The package includes \$1.5 billion of loans by foreign central banks, expected to become available next week, direct loans by the U.S. government in the form of prepayments for Mexican crude oil and up to \$1 billion of guarantees by Washington of new loans by U.S. commercial banks.

In addition, up to \$4.5 billion of credits from the International Monetary Fund are expected by mid-October, according to an announcement by the Treasury Department.

A news briefing Friday by the Treasury's deputy secretary, Rich-

ard T. McNamara, marked the first public acknowledgment by Washington of efforts under way for several weeks to help Mexico mobilize the hard currencies it will need to meet its heavy near-term debt obligations.

It is due to repay \$20 billion in principal this year on foreign debt of \$81 billion. An estimated \$18 billion to \$24 billion of the total is owed to U.S. banks.

The U.S. efforts, which are continuing, included three days of unannounced negotiations in Washington the weekend before last between Mexico's finance minister, Jesús Silva Herzog, and top Treasury and Federal Reserve officials. The talks culminated in an all-night session that ended last Monday morning, a day before Mexico announced it would reopen its foreign exchange markets.

In New York, Mexican officials

met Friday with representatives of more than 100 banks from around the world and sought postponement for 90 days of \$10 billion in principal. The Mexicans also sought an additional \$1 billion in bank credit.

**Outcome Questioned**  
Mr. Silva Herzog said after the meeting that the bankers had agreed to the requests, but some bankers who attended the meeting said this had not been the case.

If Mexico were to fail to obtain the funds it needs, the consequences for the international banking system could be grave, according to banking analysts.

Some of the major U.S. banks have made loans to Mexico equivalent to up to 90 percent of their equity, which usually represents about 4 percent of their total resources.

Mr. McNamara disclosed that Mexico had agreed to increase its crude oil exports to the United States and to charge no more than \$35 a barrel even if world prices climb higher. The United States, so far as is known, never before has been able to obtain such promises from an important oil exporter.

Mexico has also agreed to make all of the additional crude exports from its so-called Isthmus oil reserves, a lighter and more valuable crude oil than the Maya crude it also produces.

The Mexican light crude is currently priced at \$32.50 a barrel, while Maya is \$25. The United States has been eager for years to increase its access to Mexican crude oil in order to diminish U.S. dependence on Saudi Arabia and other Eastern Hemisphere producers, but Mexico has followed a cautious policy of slow increases in oil development. Increased Mexican production also should serve as a moderating force on world oil prices, another U.S. policy objective.

**Minimum Price Guaranteed**  
As part of the new agreement, Washington agreed to pay Mexico \$25 a barrel even if world prices fall lower.

Mr. McNamara said that Mexico undertook to increase its exports to the United States in stages, from the current 50,000 barrels a day to 190,000 barrels a day by the summer of 1983.

The U.S. government will use the additional oil for a faster buildup of its strategic oil reserve, a protection against future disruptions of foreign supplies.

Mr. McNamara disclosed that Mexico has borrowed all of the \$750 million it was entitled to under a standby line of credit, or swap, with the U.S. Federal Reserve System.

Mexico is understood to need those funds to make interest payments to foreign creditors on time.

Mr. McNamara said additional short-term credits of up to \$1.5 billion, to run for up to three months, were discussed by central bankers last week at a meeting in Basel and were expected to be approved soon by the central banks.

It was unclear whether the United States would contribute to that sum.

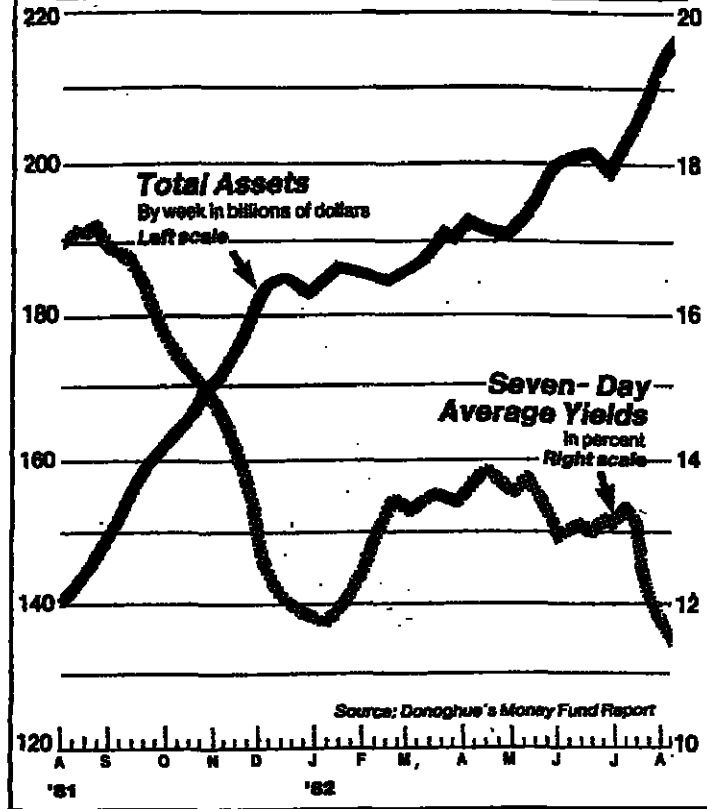
Guarantees of \$1 billion of crop-export loans for 1983 by U.S. commercial banks will be issued by the Agriculture Department's Commodity Credit Corp., Mr. McNamara said. Guarantees in fiscal 1982 totaled \$65 million.

Mr. McNamara said that Mexico was expected to secure by mid-October the approval of the International Monetary Fund for \$3.7 billion of long-term credits and possibly \$800 million or so of "compensatory financing" credits to help it weather the 1982 decline in oil prices.

In Mexico City Friday, the peso continued to recover lost ground against the dollar as holders of the artificially high exchange rate seen when foreign currency operations resumed on Thursday. The dollar, which fell from 130 to 115 pesos during Thursday's trading, opened at 105 pesos and closed at 95 pesos Friday.

The Mexican currency has lost 48 percent of its value on the open market since Aug. 5, when a two-tier exchange system was announced and the peso was allowed to float for most foreign exchange transactions.

## Money Market Funds: While Growth Has Continued Yields Are Falling



## Money Market Funds May Have Hit a Peak

(Continued from Page 7)

age maturity, the number of days it takes to roll over their portfolios, has grown from 33 to 36 days.

By contrast, the average maturity of major funds in 1981 ranged from 23 to slightly less than 30. Thus, Tuesday's big rate break will not show up fully for more than a month.

Barbara Akerley, editor of Donoghue's Money Fund Report, said, "The increase in the maturity rate is the first definitive sign by the money fund managers that they expect short-term interest rates to fall. The result is that as short-term rates fall, the money funds won't fall as fast as other instruments."

Money market funds pool their investors' money and place it in a variety of short-term debt instruments that can range from Treasury bills and bankers' acceptances to Eurodollar deposits.

Because the securities purchased by money market funds are traditionally sold in minimum lots of \$10,000, such securities would be beyond the reach of many small investors if they could not benefit indirectly through the funds.

The funds' assets now total a record \$223.45 billion, with more than half of that deposited in 1981 alone, when yields, on a seven-day basis, went as high as 17.2 percent.

Aside from the 42 institutional funds, there are 59 broker-dealer funds, with a total of \$109.66 billion, up \$1.31 billion in the latest week, and 133 general purpose funds, with assets of \$71.35 billion, up \$621 million in the week.

The growth of the money funds has largely been at the expense of thrift institutions and banks, which operate under Federal regulation and have been limited in the rates they can pay for deposits.

Thrifts, for example, may currently pay no more than 5 1/2 percent on passbook savings. Analysts differ on whether deposits lost by these institutions to

the money funds will be recaptured if short-term rates continue to fall.

Jonathan E. Grey, a research analyst at Sanford C. Bernstein & Co., an investment banking firm, said that banks and thrifts are currently paying rates of 12 percent to 13 percent on longer-term deposits "and the money funds will soon be paying single-digit interest."

As a result, Mr. Grey said, "a significant reflux of funds to banks and thrifts should commence in a matter of weeks."

By contrast, Edward A. Tabor, president of the T. Rowe Price Prime Reserve Fund, based in Baltimore, said there could be "a little bit of a movement" from the funds into the thrifts and banks.

Mr. Tabor noted that from early 1975 until late 1978, money market fund yields were lower than passbook savings rates, and yet the money fund assets remained at about \$3 billion during that entire period.

He said, "It's the combination of features, such as their liquidity and check-writing, that people find attractive."

The availability of credit cards through the funds adds to their appeal.

Michael Lipper, president of Lipper Analytical Services, which tracks money market funds, said he could see total money fund assets falling as low as \$175 billion by the end of the year, but he said he would not expect a "rapid runoff" of money from the funds.

He said, "Most of the money in the money funds isn't investment money; it's money waiting to pay bills."

**BL Reduces Production**  
Reuters  
LONDON — BL, the state-owned automaker, said Saturday that it has laid off 7,500 workers for two weeks and is trimming production because of a fall in sales.

## U.S. Bank's Overseers Blaming Each Other

WASHINGTON — At last week's congressional hearing in Oklahoma City into the collapse of the Penn Square Bank, each of the witnesses blamed someone else.

All the finger-pointing may make sense legally, but for some members of the House Banking, Finance and Urban Affairs Committee, it also raises serious questions about who is watching over the U.S. banking system.

The main watchdogs of a bank are its outside auditors, its board and federal regulators. Like the Comptroller of the Currency, whose examiners regularly inspect the bank's books and records.

In the case of Penn Square, according to testimony at the hearing, each watchdog, in many respects, relied on another in concluding that the bank's condition was not so bad.

While it may take years to pinpoint responsibility for the collapse of Penn Square, a review of publicly available information, including testimony from last Monday's 12-hour, continuous hearing, shows the following:

• Officials from the comptroller's office said they had followed their normal procedures in supervising the bank and had assigned it a rating of three on a scale of one to five, meaning it was not considered a problem bank.

Comptroller officials said that they relied on the bank's directors and its new president, Eldon L. Beller, to take remedial action, yet Mr. Beller testified he had no real authority and the directors said they were uninformed about many of the bank's practices.

• The directors said they relied on assurances by the comptroller and the bank's outside auditors, Peat Marwick Mitchell & Co., that the bank was not in any real trouble. As is the case with most bank directors, Penn Square's board did

not look into specific loans, nor did it have the expertise to question many of the bank's practices. Most of the bank's directors had illegal financial dealings with the bank, according to documents introduced at the hearing.

• Peat Marwick, which probably audits more financial institutions than any other accounting firm, testified that it followed the same auditing procedures in examining Penn Square that are used for other banks. Last May, two months before the bank collapsed, Peat Marwick told Penn Square's directors of the "truly remarkable and impressive" management changes taking place at the bank.

Meanwhile, the Comptroller found Peat Marwick's audit practices "unacceptable," in part because the firm inspected only 15 percent of the bank's loans.

The committee's first witness, Mr. Beller, told how he became president in April, 1981, but had no authority over the bank's energy lending, which constituted 80 percent of the bank's portfolio and the source of the most of its problems. Though the comptroller viewed Mr. Beller as the best solution to reining in the banking practices of William G. Patterson, Penn Square's senior vice president, and Bill P. Jennings, its chairman, Mr. Beller said he never informed the comptroller of his limited authority.

The regional administrator for the Comptroller, Clifton A. Poole Jr., said at the hearing, "We were assured by the board of directors and Beller himself that he had the authority to clear up the problems." Mr. Poole also said that his office's handling of Penn Square was "totally appropriate" because the "actions and procedures used in addressing the problems of this bank have been used successfully again and again in other institutions."

Are you looking for a high yield, maximum liquidity and minimum risk?

Are you now earning market rates on your short term liquidity?

Would you like to secure wholesale interest rates on retail deposits?

If the above questions matter to you

## INTERNATIONAL INCOME FUND

offers a choice of 3 investment opportunities:

**Short Term 'A' Units**, exclusively invested in US\$ money market instruments for maturities of less than 12 months.

**Short Term 'B' Units**, invested in money market instruments denominated in the SDR currencies and Swiss Francs for maturities of less than 12 months. These units offer a balanced currency approach. Income on both 'A' and 'B' Units accrues daily. You can redeem units on any business day. Redemption proceeds are paid within five business days and will include full interest for that period.

**Long Term Units**, representing a balanced portfolio of Eurobonds and Euroconvertibles. Income is paid annually and units can be redeemed every week at net asset value, less 1%.

Trustee: Midland Bank Trust Company (Channel Islands) Limited  
Administrative Agent: EBC Trust Company (Jersey) Ltd., Jersey.  
Investment Advisor: European Banking Company Limited, London.

Send for full details to:  
EBC Trust Company (Jersey) Ltd., 28 Hill Street, St. Helier, Jersey, C.I. Tel: 0534 26281  
Please send full information to:

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Country \_\_\_\_\_

Subscriptions are only valid if made on the basis of the current explanatory memorandum, supplemented by either the last Annual Report or the last Interim Report, whichever is the more recent. The Legal Notice has been deposited with the Chief Registrar of the District Court of Luxembourg where such documents are available for inspection and where copies thereof can be obtained upon request. Daily prices are published in this newspaper under "International Funds".

## AEG: Symbol of German Fragility

(Continued from Page 7)

When Mr. Dürr took over, he said he believed the only way to save AEG would be, in effect, to dismantle the company, eliminating its less profitable divisions, and bringing others into joint ventures with partners that had the technology and capital to help make them profitable again.

**Plan Partly Successful**  
Mr. Dürr's plans have succeeded to some extent.

AEG's telecommunications division was brought into a joint venture with Robert Bosch, an electrical company, and Mannesmann, the steel products group; Grundig has agreed to cooperate in production and marketing of consumer electronics products with Telefunken, the rising consumer electronics division of the AEG group, and AEG recently concluded an agreement with United Technologies Corp. of the United States to manufacture and market microprocessor chips.

All of the joint agreements are to be excluded from AEG's composition proceedings.

Mr. Dürr stumbled, ultimately, in his search for a partner for AEG's capital goods division, which contributes about 38 percent to the company's revenues.

Negotiations had been held with Britain's General Electric Co., but analysts said the talks were ultimately toppled by a coalition of West German executives from AEG's competitors in the electrical industry: Bosch, Mannesmann and Siemens.

The course of AEG's future depends now on whether Mr. Dürr can succeed in his efforts to cut the company's debt burden.

Senior bankers here express serious doubts. Dresdner Bank's Mr. Friderichs said, recently that the company would need to use its \$1-billion in additional bank credits to keep operating during composition proceedings.

Bankers said that even if a part of that sum is put up by domestic banks, about half would have to come from the company's overseas creditors. It is still not certain the foreign banks will go along with the credit agreement reached by the West German banks.

Bankers who attended a meeting with AEG's overseas bankers in Zurich 10 days ago said Mr. Dürr had failed to reveal any cogent strategy for reversing the company's performance.

The non-German bankers were also troubled by reports that three of AEG's few profitable units, appliance manufacturers Zanker, Neff and Klippelbusch, had been forced to apply for liquidation because credit lines from AEG's financing unit had been cut.

The decision has cast doubt, bankers said, on the seriousness of AEG's commitment to rebuild the company.

Price	Aug.	Nov.	Feb.
20	9.50-12.50		
30		23.50-36.50	34.50-37.50
40		12.00-15.00	27.00-30.00
50		1.50-1.70	22.00-25.00
60		4.50-5.50	14.00-17.00

Gold Options (prices in \$/oz.)  
Values White Weld S.A.  
1, Quai du Mont-Blanc  
1211 Geneva 1, Switzerland  
Tel. 31 62 51 - Telex 28 365

When in Washington, D.C. visit us at  
**Black's House of Beer**

**BEC**  
BANQUE EUROPEENNE DE CREDIT  
AEG AFFILIATED BANK

**The multinational bank for international finance.**  
Banque Européenne de Crédit  
Boulevard du Souverain 100  
B-1170 Brussels  
tel. 660 4900 x 23846

Dean Witter Reynolds Overseas Ltd.

Banque Nationale de Paris

Citicorp International Group

Daiwa Europe Limited

Lazard Brothers & Co., Limited

Wood Gundy Limited



[illegible]

	Net	Sales in	Net	Sales in	Net
		the High		the High	
		Low		Low	
		Cost		Cost	

(Continued on Page 11)

**For the Week Ending Aug. 20, 1982**

7-14 Open Interest  
1%  
2% r—Not Traded, s—None off

JULY 1982

99

**US\$ 16,000,000**  
**Revolving Credit Facilities**

**Managed by :**

**Lloyds Bank International Ltd.**  
**Saudi European Bank S.A. (Bahrain)**

**Paying Agent:**

**Grindlays Bank p.l.c.**

**Agent**

**البنك العربي الآسيوي**  
**Arab Asian Bank e.c.**



هكذا من الأهل







BOOKS

AMERICA IN THE '20S: A History  
By Geoffrey Perrett. 585 pp. \$20.95.  
Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020

Reviewed by Michiko Kakutani

IN retrospect, we tend to idealize our history, arranging it into neat decades, each personified by an event or labeled with a pithy epithet. If the 1930s are nearly synonymous with the Great Depression, the '40s bring to mind World War II and the '60s Vietnam and social revolution. The '50s remain the era of the Silent Generation, just as the '70s will be remembered as the "Me Decade."

Glamorous, hectic and endlessly commemorated by its writers and its poets, the '20s, however, retain perhaps the most vigorous hold over our collective imagination, and we recall "the Jazz Age" with heightened nostalgia as a time of flappers and expatriates, get-rich-quick schemes and land swindles, romance and disillusion. It is the subject of Geoffrey Perrett's new history published by Simon & Schuster.

Like William Manchester's "The Glory and the Dream" and Frederick Lewis Allen's "Only Yesterday," Perrett's book is an informal, narrative history that achieves fluency through its conversational style and densely detailed text. Although the book owes a heavy debt in both style and substance to Allen's celebrated history of the '20s—both illuminate such events as the Scopes trial and the Sacco and Vanzetti case through anecdotes and character sketches; both display a "Ragtime" eschewer of the famous and unknown—Perrett claims to have drawn on "reliable studies of the country's art, health, education, sex life and cities" made available since "Only Yesterday" appeared in 1931.

In an effort to balance what he sees as Allen's undue focus on "odd or cited behavior," he has also paid attention to the antics of the daily highbrows and more to the daily concerns of the populace at large—an approach that makes for a more judicious, if less lively, book.

As Perrett sees it, the '20s were an uneasy postwar decade of transition, a sort of belated twilight zone between the 19th and 20th centuries. The war not only brought Americans into contact with foreign ideas and international responsibilities for the first time, but it created cultural reverberations as well.

The simple experience of the American Expeditionary Force in Europe, Perrett writes, "made it acceptable for a man to smoke cigarettes instead of cigars or a pipe; to wear a wristwatch

instead of carrying a pocket fob; to use a safety razor instead of a cut-throat; to have a zipper fly instead of buttons."

Moral Battles

More importantly, the war hastened a change in the moral order—a moral order already under siege by growing industrialization and new intellectual and scientific discoveries. Indeed, the '20s became a battleground of sorts between the old and new—Victorian mores vs. Freudian dogma, frontier individualism vs. urban anonymity and Puritan faith vs. modernist despair.

Because so much of what we take for granted today had roots in the '20s, the era seems curiously familiar. It was a decade, after all, that witnessed the embracing of movies, sports and jazz as national diversions; a decade that saw the automobile become a necessary luxury and the crossword puzzle a Sunday ritual. Three of the country's leading periodicals—"The New Yorker," "Time" and "The Reader's Digest"—had their genesis in that slim 10-year period of time.

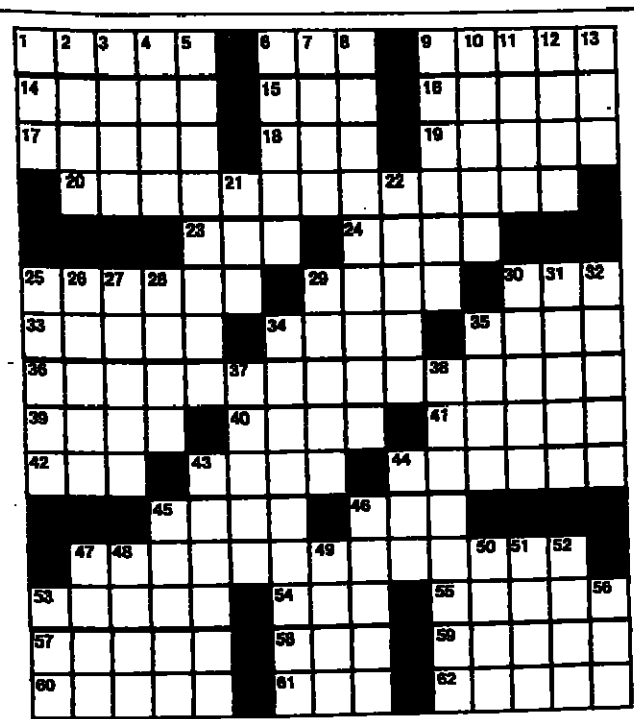
Although he does not provide as much analysis of the decade's social and political dynamics as one might like, Perrett does offer an impressive side-by-side show of personalities and events—events that underline the period's relationship with our own. It was during the '20s, for instance, that black migration to Northern cities resulted in the creation of such neighborhoods as Harlem and Chicago's South Side, thereby contributing to growing racial tensions.

The decade's Red Scare presaged the McCarthyism which hunts of later years, and its concern with the roles of women and young people, similarly foreshadowed the cultural rebellions of the '60s. The complaints of the '20s, too, have an uncannily familiar ring; then, as now, citizens bemoaned "the crushing burden of taxation," industrialists worried that "the United States was fast running out of oil," and a symposium of intellectuals declared that "the most moving and pathetic fact in the social life of America today is emotional and aesthetic starvation."

In the end, though, what probably makes the '20s so distinctly modern is the fact that it was the first decade in which Americans really began to wonder if their lives would ever be commensurate with their dreams; their expectations dwindled in those postwar years as surely as the frontier had receded. As F. Scott Fitzgerald once wrote of those who like himself came of age in the '20s, "the capacity of this generation to believe has run very thin." "The war, the peace, the boom, the Depression, the shadow of the new war scarcely corresponds to the idea of manifest destiny." Many more of my age are inclined to paraphrase Sir Edward Grey of 1914: "The lamps are going out all over the world; we shall not see them fit again in our time."

Michiko Kakutani is on the staff of The New York Times.

CROSSWORD



- ACROSS**
- 1 Pod used for fodder
  - 6 End of the seventh century
  - 14 and kicking
  - 15 Sis, boom, bah's kin
  - 16 Type of discussion
  - 17 Bellow offering
  - 18 — snit (peevish)
  - 19 Seris
  - 20 Deserted the party
  - 23 Future fish
  - 24 Admire
  - 25 Furniture material
  - 29 Spectacles supports
  - 30 About 3,000 miles from EST
  - 33 Not silently
  - 34 Comic Johnson
  - 35 "O patria mia" is one
  - 36 Noncommittal politicians
  - 39 Boer migration
- DOWN**
- 1 Is able
  - 2 "Thanks —!"
  - 3 Split
  - 4 Done
  - 5 Off-besieged city in Europe
  - 6 Riverside, e.g.
  - 7 Birch
  - 8 Mountebank
  - 9 Gives a lecture
  - 10 Speed
  - 11 Hathaway document
  - 12 Sealed
  - 13 High rails
  - 21 Charged atom
  - 22 Fathered
  - 23 Oodles
  - 24 Keen
  - 27 Firms up
  - 28 Hood's friend
  - 29 Fluff
  - 30 Kind of release
  - 31 Lorelei
  - 32 Italian poet: 1544-85
  - 34 Usher, e.g.
  - 35 Wings
  - 37 River of Paris
  - 38 Lose face
  - 43 Black teas
  - 44 Fever
  - 45 Worthless item
  - 46 Celestial body
  - 47 Refrain in old songs
  - 48 Skunk's weapon
  - 49 Corner
  - 50 Eye part
  - 51 Bridge seat
  - 52 Locale
  - 53 Glowing
  - 56 Tutelary god

WEATHER

	HIGH	LOW	C F		HIGH	LOW	C F
ALABAMA	77	63	Fair	LOS ANGELES	75	61	Cloudy
ALASKA	40	104	Cloudy	MADRID	73	59	Cloudy
AMSTERDAM	61	48	Cloudy	MANKATO	73	59	Cloudy
ANAKA	88	73	Fair	MEXICO CITY	73	59	Cloudy
ATHENS	88	73	Fair	MIAMI	73	59	Cloudy
AUCKLAND	59	45	Overcast	MILAN	73	59	Cloudy
BANGKOK	88	73	Fair	MONTREAL	73	59	Cloudy
BEIRUT	88	73	Fair	MOSCOW	73	59	Cloudy
BERLIN	77	63	Fair	MURKIN	73	59	Cloudy
BIRMINGHAM	77	63	Fair	NAIROBI	73	59	Cloudy
BOSTON	77	63	Fair	NASSAU	73	59	Cloudy
BRUSSELS	77	63	Fair	NEW DELHI	73	59	Cloudy
BUDAPEST	77	63	Fair	NEW YORK	73	59	Cloudy
BUEENOS AIRES	77	63	Fair	OSLO	73	59	Cloudy
CAIRO	77	63	Fair	PARIS	73	59	Cloudy
CAPE TOWN	77	63	Fair	PEKING	73	59	Cloudy
CASABLANCA	77	63	Fair	PRAGUE	73	59	Cloudy
CHICAGO	77	63	Fair	REYKJAVIK	73	59	Cloudy
COPENHAGEN	77	63	Fair	RIO DE JANEIRO	73	59	Cloudy
COSTA RICA	77	63	Fair	ROME	73	59	Cloudy
DAMASCUS	77	63	Fair	SAO PAULO	73	59	Cloudy
DUBLIN	77	63	Fair	SEOUL	73	59	Cloudy
EDINBURGH	77	63	Fair	SHANGHAI	73	59	Cloudy
FLORENCE	77	63	Fair	SINGAPORE	73	59	Cloudy
FRANKFURT	77	63	Fair	STOCKHOLM	73	59	Cloudy
GENEVA	77	63	Fair	SYDNEY	73	59	Cloudy
HARARE	77	63	Fair	TAIPEI	73	59	Cloudy
HELSINKI	77	63	Fair	TOKYO	73	59	Cloudy
HONG KONG	77	63	Fair	TUNIS	73	59	Cloudy
HOUSTON	77	63	Fair	VENICE	73	59	Cloudy
ISTANBUL	77	63	Fair	VIENNA	73	59	Cloudy
JERUSALEM	77	63	Fair	WARSAW	73	59	Cloudy
LA PALMAS	77	63	Fair	WASHINGTON	73	59	Cloudy
LIMA	77	63	Fair	ZURICH	73	59	Cloudy
LISBON	77	63	Fair				
LONDON	77	63	Fair				

THE FRONT PAGE  
The International Herald Tribune  
1887-1980



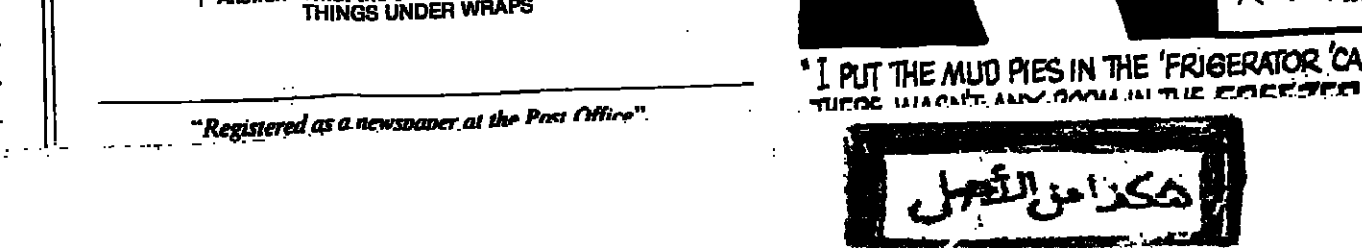
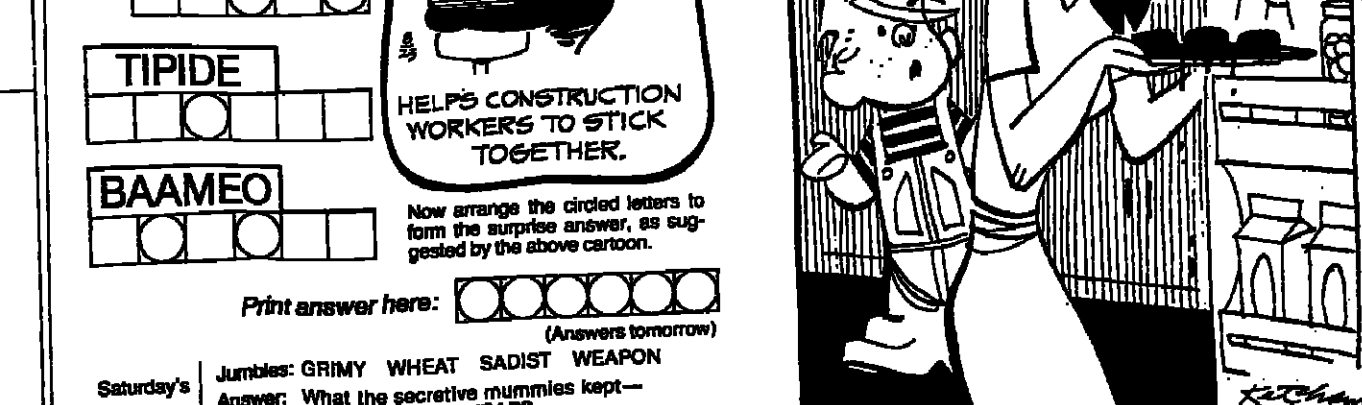
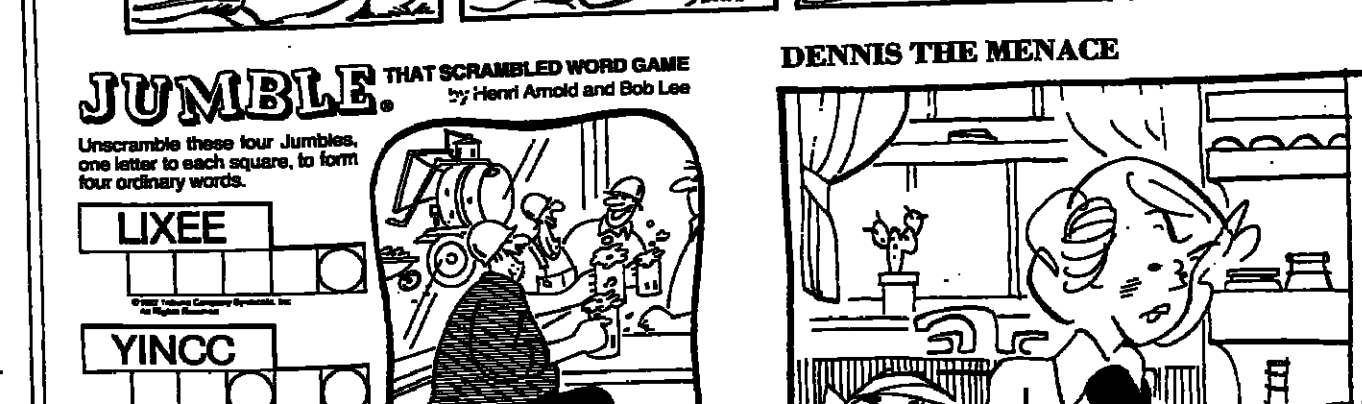
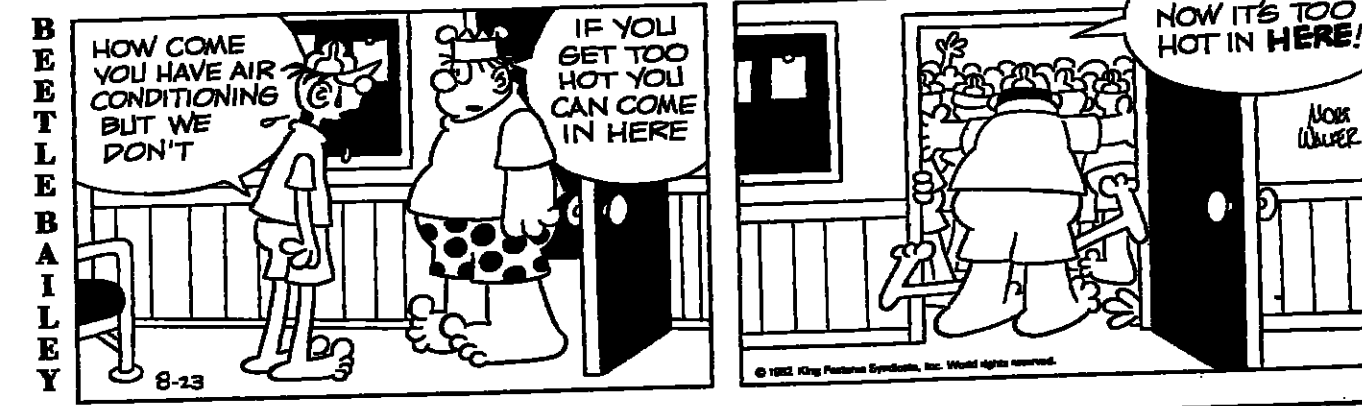
Reproductions of 129 front pages, many with Herald Tribune exclusive articles: the Titanic, the Dreyfus trial, First World War coverage edited at the front. Read about people: Queen Victoria, Lindbergh, Jack the Ripper, the Windsors, Stalin—a century of news headlines and the events that surrounded them.

Hardcover, 28 x 38 cm., The Front Page is a distinctive personal or business gift.

THE FRONT PAGE  
U.S. \$32 or equivalent in any European currency—plus postage in Europe, please add \$2.50 or equivalent for each copy. Outside Europe, please add \$8 or equivalent for each copy.

Complete and return this coupon with your check or money order in the currency of your choice to:  
International Herald Tribune, Special Projects Department,  
181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Please send me \_\_\_\_\_ copies of THE FRONT PAGE  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City and Code: \_\_\_\_\_  
Country: \_\_\_\_\_



PEANUTS

B. C.

BLONDIE

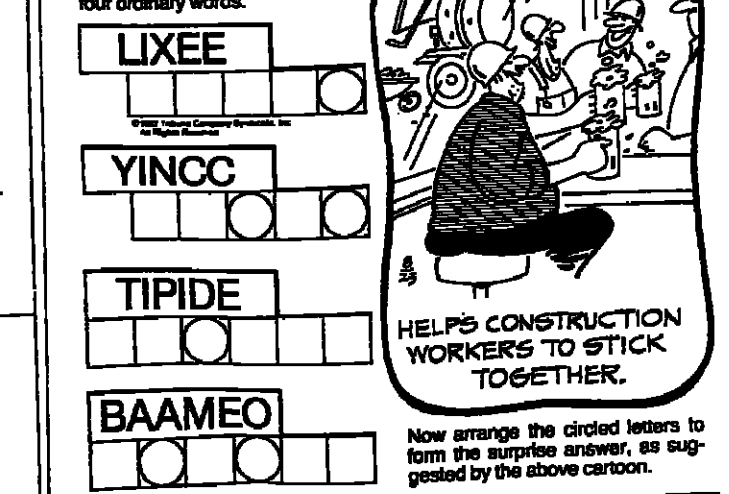
BEE TLE BAILLEY

ANDY CAPP

REX MORGAN

DOONESBURY

JUMBLE. THAT SCRAMBLED WORD GAME  
by Henri Arnold and Bob Lee



Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

LIXEE  
YINCC  
TIPIDE  
BAAMEO

Print answer here: \_\_\_\_\_  
(Answers tomorrow)

DENNIS THE MENACE



8-23

BRIDGE

By Alan Truscott

ON the diagramed deal, the declarer ran into a bad trump break. But he would still have made his contract if East had not defended it carefully.

North's double of the two-club overcall was negative, suggesting a moderate hand with length in the major suits. South, not unreasonably, thought that four hearts would be a good proposition.

The opening club lead was won with the ace and the heart jack was led for finesse. This won, and the ten was led. East made a key move by refusing to cover with the queen. Preserving the queen and nine was vital for the defense.

A diamond was led to the ace, and the spade jack was played. West covered with the queen and the ace won. A diamond was led to the king. East refusing to ruff. Now when a diamond was surrendered to West, the defense was able to play clubs, forcing South to ruff with the king. The Q-9 of hearts in the East hand, so carefully

preserved, were now sure to take the setting tricks.

In the replay, Pender played the same contract from the north position, and succeeded against slightly less careful defense.

WEST  
♠ A104  
♥ QJ865  
♦ K87  
♣ A72

EAST  
♠ K752  
♥ Q9742  
♦ KJ6  
♣ 884

SOUTH  
♠ KAK  
♥ AK83  
♦ AK853  
♣ 43

Neither side was vulnerable. The bidding:  
South 1♣, West 2♣, North 2♦, East 3♥.

West led the club king.

RADIO NEWSCASTS

7200	25.5	11750	11	2550	11	2550	11	2550
7740	25.5	11750	11	2550	11	2550	11	2550
11740	25.5	11750	11	2550	11	2550	11	2550

VOICE OF AMERICA

RADIO CANADA INTERNATIONAL							
News of 0200, 0230, 0300, 0400, 0500, 0600, 0700, 0800, 0900, 1000, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400.							
Western Europe	1700-2100	2100-2300	2300-2400				
Latin America	1700-2100	2100-2300	2300-2400				
Asia	1700-2100	2100-2300	2300-2400				
Africa	1700-2100	2100-2300	2300-2400				
Oceania	1700-2100	2100-2300	2300-2400				



## SPORTS

# Texas A & M's Sherrill Begins Term as Coach, Image-Maker

By Peter Alfano  
New York Times Service

COLLEGE STATION, Texas — Jackie Sherrill has spent the last seven months making the rounds of Texas as a candidate for the job of head coach of the Texas A & M football team. He has shuttled from cowtown to metropolises and back, sometimes flying his own propeller-driven airplane as if he were a crop duster, covering the state with his views.

But Sherrill won the election last January. He knows about the letters, nearly 300 of them that were received by the former students association, letters that questioned Texas A & M's priorities when it hired him as head football coach and athletic director for an annual salary of \$287,000.

Sherrill also read about the objections voiced by several university presidents across the country, and by football coaches, some of whom earn big salaries themselves. So he decided to confront the issue rather than hope it would slowly die.

Sherrill has made nearly 40 trips throughout the state, speaking to Texas A & M alumni clubs. His position paper stresses the university's academic achievements and the necessity for an athlete to get an education.

He even talks a little about the football team, a subject that takes on added importance as fall practice begins.

**Doubts Dispelled**  
All the miles of traveling and meetings with alumni groups have paid off.

Sherrill has dispelled the doubts of the skeptics who thought he was hired to win games at any cost. He has allayed their fears about the danger of overemphasizing football at the expense of academics. More importantly, he has convinced them that he is worth every nickel of his salary.

"Coaching has changed," Sherrill said. "Twenty years ago, the coach never left the campus. Now, I balance the budget, market the product, do promotions, handle personnel, sell the program, recruit and coach. Like it or not, it's a different type of business now."

He has also become an image-maker, perhaps the best salesman A & M has ever had. Sherrill is 38, a man with neatly styled hair and a conservative manner.

Dressed in a gray suit, he looks more like a corporate executive than a football coach. It is this image that may help to erase the popular stereotype of the Aggie.

Those who live in Texas and other parts of the Southwest envision Texas A & M as a university attended by farm boys who wear overalls and whistle word between classes.

The university started as an agricultural school, said Charlie Thornton, the associate athletic director. "And people thought of students here as guys who drove pickups and had dirt under their nails. Plus, it was a military school and had an all-male enrollment."

When Sherrill left the University of Pittsburgh to take the A & M job, some there joked that airplanes landing in College Station were equipped with sweepers in order to clear the cows off the runway.

But it is not like that. College Station and neighboring Bryan are one of the country's fastest-growing areas, the combined population exceeding 100,000.

Texas A & M reports that it is also the fastest-growing university in the country. Approximately 37,000 students — almost 14,000 of them women — will enroll this fall. A & M became coeducational in 1971.

And these so-called farm boys have money. The university raised \$24.4 million last year from among its alumni, as well as from industry and foundations.

But the stereotype persists. When Sherrill was hired, it looked as if Texas A & M had decided that upgrading football was more important than raising its academic standing.

There was speculation that influential alumni were paying Sherrill's way or, worse yet, that part of

his salary would come from taxpayer money allocated by the state for the improvement of academic facilities.

"My salary is coming out of ticket sales," Sherrill said. "And I work for the president of the university, not the president of the board of regents. People said Texas A & M was off its rocker and losing its credibility in academics, but when the board of regents meets here, they don't talk about athletics."

**Aggressive Recruiters**  
"Texas A & M is a competitive university," said Dr. C.S. Giam, a professor of chemistry and oceanography at Texas A & M who has served on two National Academy of Sciences committees, done joint research with the Soviet Union and is listed in "Who's Who in America."

"If someone who is good in his field becomes available and fits into our program, of course we go after him," Giam said.

As Giam implies, Sherrill is one of the best and the brightest. He has received a number of coaching offers during his five years at Pitt. But bright young coaches are often portrayed as mercenaries, chasing the dollar from one school to another while claiming they are looking for a new challenge.

Although 1982 will be his first season at Texas A & M, Sherrill has already been rumored as a candidate for a head coaching job in the National Football League as well as being a contender for Bryant's

choices as the next coach at Alabama, where he played for Bryant.

But Sherrill notes that faculty members, as well as people in private industry, also often pursue better-paying jobs.

In order to show the administration that he intends to honor his six-year contract, Sherrill said, he added a clause stating that he cannot take another job.

"And I think Jackie is smart enough not to be the guy who follows Coach Bryant," said Charlie Thornton, Bryant's administrative assistant.

Sherrill also scored points with the Texas A & M faculty when he sent each member a letter that reaffirmed his commitment to academics. He has set up two committees to screen recruits and to determine eligibility. He has two academic advisers working with the athletes.

"I have a responsibility to this institution, its former students, players and coaches," he said. "I don't think college athletics is tearing down academics."

"We have problems, but there are problems in academics, too. Not every player can be an all-American, and not everyone can be Phi Beta Kappa."

He speaks softly and deliberately. Sherrill has had to measure his words since last January. He says the controversy over his salary has not affected him, but the effort he has made to reach out to the alumni and faculty seems to indicate otherwise.

The irony is that, although he has become the highest-paid college coach in the country, he did not always aspire to coaching. "It's never been an obsession with me," he said. "So I've never felt the pressure that some guys have. But when I did start coaching in 1967, when I was 24, I told myself that if I wasn't a head coach by the time I was 31, I'd get out of it."

**Big City Tastes**  
He was a graduate assistant at Alabama in 1964 before moving on to become an assistant under Frank Broyles at Arkansas. In 1968, he joined Johnny Majors at Iowa State and followed Majors to Pittsburgh in 1973. In 1976, only two years past his timetable, he became head coach at Washington State. He left a year later to become head coach at Pitt.

Sherrill was born in rural Oklahoma and reared in Mississippi, but he enjoyed living in a big city. He made contacts with corporate leaders and identified with them.

"They're in a pressure-packed business, too," he said. "And they compete hard. When they close a big deal and make money, they don't brag about it. When a deal falls through, they don't say anything either."

"It's like coaching — you don't make excuses. Bragging rights are for the fans and the stockholders."

But there is a difference. Sherrill's successes and failures are public knowledge. He will be expected to produce in a hurry, especially because of his salary. "I've won before," he said. "That's no problem."

"I would have stayed at Pitt if I was insecure."

"But I don't want any outside interference. One of the reasons I took this job was because it includ-

ed being athletic director and I wanted to better control my own destiny."

"I told the alumni groups that I'm the boss."

A few years ago, Sherrill turned down an offer from one university, partly because his salary was to be paid by a wealthy alumnus who would sign Sherrill to a personal-services contract.

"I told him that I would take \$75,000 worth of stock in his company first," Sherrill said. "That way I would own part of him instead of him owning me."

The Aggie Club is the fund-raising arm for athletics here, and it has provided \$2 million for scholarships and facilities the last two years. Harry Green, its executive director, said that neither he nor any of the 12 members of the committee have tried to pressure Sherrill or others who have coached here.

"I'm not saying it won't happen," Green said. "But right now these people are running their own businesses. They're not saying, 'I've got the arm, brother.' No, raising money doesn't give us any power."

So this might be an ideal place for Sherrill to tackle the pressure. He fits in: Students are soft-spoken, clean-cut and conservative. "They are polite, and they look you in the eye," he said.

"Texas A & M," Sherrill added, "has been called a sleeping giant. There is a lot of loyalty here."



San Diego second baseman Tim Lincecum, right, had already caught a Wrigley Field pop-up by Jody Davis, but shortstop Gary Templeton just wanted to make sure his help wasn't needed.

## The Way Out for NFL Owners

By Dave Kindred  
Washington Post Service

WASHINGTON — If the pro football players go on strike, it is the owners' fault. The owners have botched it. Call them arrogant, call them imperious, call them fools.

The 28 owners have a money machine cranking out millions of dollars, even billions. Yet these totalitarians would take away samples of players, who would deny players the right to work where they want to — these owners would throw sand into the gears of their money machine before they would do the right thing for the players who make the machine turn so smoothly.

The right thing is to treat the players as valued employees with legitimate complaints.

As baseball owners learned in the senseless half-century of strike in 1981, there is no longer anything to be gained by treating professional athletes as indentured servants who ought to be grateful for any scraps from the massah's dinner table.

The courts have ruled for players and against leagues in virtually every freedom-of-contract case during the last decade. The tide is running against the plantation owners, and they'll be in over their heads soon if they don't do the right thing.

**Even On the 50**  
The right thing is to get back to the negotiating table with National Football League Players Association representatives.

Out of obstructionism, the owners' negotiators refuse to meet the union people at a training camp site. If they have to meet at midfield during a scrimmage, the owners' men should do it.

By the petty finings of last week, by the refusal even to negotiate, football's owners are repeating baseball's mistake of welding the players' union into a clenched fist.

Once upon a time, the football players may have been divided about a strike. Two months ago, they may not have been sold on the percentage-of-gross concept put forward by NFLPA Executive Director Ed Garvey.

But the owners offered the players no alternative plan. And now the sense — at this typewriter, anyway — is that the players are willing to strike in support of Garvey's plan if for no other reason than it is the only one anybody has proposed.

The players properly perceive management's refusal to offer a realistic plan as evidence that the owners believe the union will crumble on its own. Such perception has made the union stronger. By doing nothing, the owners did a lot — for the union.

It is a fact, of course, that the owners have submitted a counterproposal to Garvey's idea that the players get 55 percent of all money taken in. But because the owners consider Garvey's plan an insult, they replied in kind.

The owners' proposal is a microscopically improved version of the current compensation system that has shackled players to their teams and kept salaries below the levels to which they would rise in a free market.

The owners should come to the bargaining table with a new proposal. Somewhere between Garvey's percentage-of-gross idea and the chaos of total freedom (even we romantics acknowledge the need for some restraints in sports), there ought to be a middle ground.

On a shelf in Garvey's office, there is a four-square block of stone. Etched into the stone is a percentage sign.

Chances are, although Garvey is too stubborn to

admit it, he would be happy to hear a proposal from the owners that would enable him to turn that stone around and carve a dollar sign in the other side.

And chances are the owners, who have acknowledged that the players are underpaid, would go a long way with any proposal that raised salaries without tying the raises to a fixed percentage of gross.

So why doesn't someone suggest something?

At the moment, the National Football League doesn't suggest anything because it has a leadership crisis.

Every time it goes into court, it comes out a loser. It lost every round in federal court to Al Davis and then, in a demonstration of undiluted gall, went to the Congress of the United States asking for legislation to reverse that court's decision.

Earlier, the founding lords of football missed their opportunity to divide the players' union by not giving dissident players an alternative proposal before union's March convention.

Lately, the league commissioner, Pete Rozelle, has come to Congress with an antitrust exemption bill that, if passed, would be followed, he said, by expansion of the league.

Rozelle has admitted that such expansion teams were "dangling" before the eyes of influential senators. That is the sort of dangling that politicians interpret as a payoff: You give me my new law, we give you a football team. Rozelle smoothly denied any such connection.

The commissioner was not so smooth last week on Capitol Hill. Under fire from Strom Thurmond, the crusty old South Carolina Republican (whose state neither has nor lusts for pro football), Rozelle said the league needed legislation because it would be impossible to draw up guidelines on when a team could leave a city.

You couldn't pin it on how they have done financially, Rozelle began. "They would... that can be juggled. A team can arrange its figures in a way to show losses for several straight years."

Had Garvey stuck bamboo shoots under Rozelle's shining nails, he could not have elicited a more helpful quotation. It long has been Garvey's contention that owners aren't telling the whole truth about money, and now comes Rozelle saying figures "can be juggled."

With leadership so bewildered it gives this kind of comfort to its adversary, the NFL is headed for a strike that doesn't have to happen. It is time for the owners to make a conciliatory gesture to the players, to offer a plan that is more than a sarcastic reply to an insult from Garvey.

They should offer free agency to all players after three seasons.

Garvey says free agency won't work because teams will not bid on players, there being, in his estimation, no economic incentive to win under the lazy comforts of the NFL's share-the-wealth socialism.

To guarantee that free agency works, Garvey should demand binding arbitration contract disputes — if a player asks for \$500,000 a year and the team offers \$200,000, a neutral arbitrator should decide the issue.

There should be no compensation rules at all. The right of first refusal, under which the National Basketball Association and National Hockey League work, is safeguard enough if a team wants to keep its quality players.

All that may not increase the salaries of undistinguished right guards as much as Garvey's 55 percent plan would.

But with free agency, right of first refusal and binding arbitration, football players soon enough would be paid what they're worth.

# Henderson, Armas and Meyer Rally A's Over Red Sox, 12-5

Compiled by Our Staff From Dispatches  
OAKLAND, Calif. — With Rickey Henderson running wild and Tony Armas and Dan Meyer providing the muscle, the Oakland A's rallied from a 5-0 deficit for a 12-5 victory over the Boston Red Sox on Saturday.

Henderson singled three times and scored three runs — he now has 102 runs for the season, the first player to reach 100 in the American League. Henderson's three stolen bases ran his season count to 114, five behind Lou Brock's major league record.

Dan Meyer's three-run home run off the foul pole in left field was the decisive blow for the A's, who trailed 3-5 going into the fifth. Armas' grand-slam homer, the third of his career, capped a five-run rally in the sixth.

Boston jumped to a 5-0 lead off starter Steve McCatty, scoring three runs in the first on a two-run home run by Dwight Evans and a throwing error by center fielder Dwayne Murphy. Carney Lansford hit a two-run homer in the third.

The A's scored a run in the third on Murphy's sacrifice fly off starter Chuck Rainey and added two runs in the fourth on Mike Heath's first home run of the year. The A's rounded out the scoring in the eighth on Wayne Gross' RBI single.

Henderson is also approaching a negative record. Thrown out trying to steal third base by catcher Rich Gedman, Henderson was caught for the 37th time, one short of the record set in 1915 by Ty Cobb. Oakland has three more games at home before departing on a road trip. "Right now, I feel I have the chance" to break Brock's record here, said Henderson. "But I'm not going to try to do extra things just to get the record at home."

**Twins 4, Indians 3**  
In Cleveland, Gary Ward drove in two runs with a double and a sacrifice fly to pace the Twins to a 4-3 victory over the Indians. Cleveland starter Larry Seisen took the loss as the Twins beat the Indians for the first time in eight games this season.

**Blue Jays 3, Yankees 1**  
In New York, Jim Clancy and Dale Murray combined on a three-hitter and Toronto scored three times in the first inning off Ron Guidry as the Blue Jays defeated the Yankees, 3-1. Murray came on with two on and none out in the ninth to record his first save.

**Orioles 8, Rangers 6**  
In Arlington, Texas, a bad-hop single by Lenn Sakata produced the go-ahead run during a three-run eighth that lifted Baltimore past Texas, 8-6. Cal Ripken opened inning with his 18th homer of the year. Two outs later, Rich Dauer singled, moved to second on Al Bumbry's single and scored when Sakata's grounder skipped past third baseman Buddy Bell. Reliever Tim Lincecum (3-4) got the victory.

**Royals 4, White Sox 3**  
In Kansas City, Mo., Willie Aikens hit a two-out homer in the ninth off Salome Barajas to lead the Royals past Chicago, 4-3. Dan Quisenberry worked the final 1½ innings to raise his record to 7-5. The White Sox, who dropped their fifth straight, were hurt by an unusual ruling. They lured the bases with none out in the third but, because of an interference call, did not score. Second baseman Frank

White fielded a grounder and threw to shortstop U.L. Washington to force Tony Bernazard, who was coming down from first base. Washington's peg to first for a double play went past Willie Aikens and two men crossed the plate for what seemed to be a 2-0 Chicago lead. But second base umpire Rich Garcia ruled Bernazard had interfered with Washington when he slid into second. Garcia called the batter out and sent the runners back to third and second. After Greg Luzinski walked to reload the bases, Carlton Fisk filed out.

**Angels 13, Tigers 1**  
In Anaheim, Calif., Bob Boone hit two home runs and Doug DeCinces drove in four runs as California overpowered Detroit, 13-1, to remain tied with Kansas City for first place in the American League West. Jeff Zahn scattered six hits in equalling his career high of 14 victories in a season. "I enjoy winning — that's what you go out there for," said Zahn, who also evened his major league career record at 83-83 with his ninth complete game of the season.

**Brewers 3, Mariners 2**  
In Seattle, Doc Medich continued his career mastery over Seattle, and Ted Simmons singled home the first run of a three-run eighth to lead Milwaukee past the Mariners, 3-2. Medich raised his career record to 11-1 against Seattle.

**Astros 5, Expos 3**  
In the National League, in Houston, Nolan Ryan pitched a five-hitter and José Cruz hit a two-run homer to pace the Astros to a 5-3 victory over Montreal. Ryan struck out five for career 3,423 strikeouts. One short of Seattle's Gaylord Perry in second place on the all-time list, Walter Johnson leads with 3,508.

**Cardinals 7, Giants 6**  
In St. Louis, Darrell Porter's second RBI single of the game capped a five-run third and helped the Cardinals nip San Francisco, 7-6, and extend their Eastern Division lead to two games over Philadelphia. Dave L. Point raised his record to 7-3 and Bruce Sutter got the final two outs for his 26th save. Bill Laskey, who had won his last five starts, fell to 12-9.

**Braves 6, Mets 5**  
In Atlanta, Jerry Royster singled home Rufino Linares in the sixth to lift the Braves to a 6-5 triumph over New York. Starter Bob Walk (11-9) was the victor and Gene Garber finished up, earning his 22d save. Of the Braves' play in their third straight victory, Manager Joe Torre said: "They're back to where they were earlier in the year."

**Reds 10, Phillies 3**  
In Cincinnati, Bob Shirley, backed by a 13-hit attack, pitched a seven-hitter as the Reds defeated Philadelphia, 10-3. Dave Concepcion and Cesar Cedeno each had three hits for the winners, while Mike Schmidt hit his 27th homer of the season for the Phillies.

**Baseball Roundup**  
 starter Steve McCatty, scoring three runs in the first on a two-run home run by Dwight Evans and a throwing error by center fielder Dwayne Murphy. Carney Lansford hit a two-run homer in the third.

The A's scored a run in the third on Murphy's sacrifice fly off starter Chuck Rainey and added two runs in the fourth on Mike Heath's first home run of the year. The A's rounded out the scoring in the eighth on Wayne Gross' RBI single.

Henderson is also approaching a negative record. Thrown out trying to steal third base by catcher Rich Gedman, Henderson was caught for the 37th time, one short of the record set in 1915 by Ty Cobb. Oakland has three more games at home before departing on a road trip. "Right now, I feel I have the chance" to break Brock's record here, said Henderson. "But I'm not going to try to do extra things just to get the record at home."

**Twins 4, Indians 3**  
In Cleveland, Gary Ward drove in two runs with a double and a sacrifice fly to pace the Twins to a 4-3 victory over the Indians. Cleveland starter Larry Seisen took the loss as the Twins beat the Indians for the first time in eight games this season.

**Blue Jays 3, Yankees 1**  
In New York, Jim Clancy and Dale Murray combined on a three-hitter and Toronto scored three times in the first inning off Ron Guidry as the Blue Jays defeated the Yankees, 3-1. Murray came on with two on and none out in the ninth to record his first save.

**Orioles 8, Rangers 6**  
In Arlington, Texas, a bad-hop single by Lenn Sakata produced the go-ahead run during a three-run eighth that lifted Baltimore past Texas, 8-6. Cal Ripken opened inning with his 18th homer of the year. Two outs later, Rich Dauer singled, moved to second on Al Bumbry's single and scored when Sakata's grounder skipped past third baseman Buddy Bell. Reliever Tim Stoddard (3-4) got the victory.

**Royals 4, White Sox 3**  
In Kansas City, Mo., Willie Aikens hit a two-out homer in the ninth off Salome Barajas to lead the Royals past Chicago, 4-3. Dan Quisenberry worked the final 1½ innings to raise his record to 7-5. The White Sox, who dropped their fifth straight, were hurt by an unusual ruling. They lured the bases with none out in the third but, because of an interference call, did not score. Second baseman Frank

White fielded a grounder and threw to shortstop U.L. Washington to force Tony Bernazard, who was coming down from first base. Washington's peg to first for a double play went past Willie Aikens and two men crossed the plate for what seemed to be a 2-0 Chicago lead. But second base umpire Rich Garcia ruled Bernazard had interfered with Washington when he slid into second. Garcia called the batter out and sent the runners back to third and second. After Greg Luzinski walked to reload the bases, Carlton Fisk filed out.

**Angels 13, Tigers 1**  
In Anaheim, Calif., Bob Boone hit two home runs and Doug DeCinces drove in four runs as California overpowered Detroit, 13-1, to remain tied with Kansas City for first place in the American League West. Jeff Zahn scattered six hits in equalling his career high of 14 victories in a season. "I enjoy winning — that's what you go out there for," said Zahn, who also evened his major league career record at 83-83 with his ninth complete game of the season.

**Brewers 3, Mariners 2**  
In Seattle, Doc Medich continued his career mastery over Seattle, and Ted Simmons singled home the first run of a three-run eighth to lead Milwaukee past the Mariners, 3-2. Medich raised his career record to 11-1 against Seattle.

**Astros 5, Expos 3**  
In the National League, in Houston, Nolan Ryan pitched a five-hitter and José Cruz hit a two-run homer to pace the Astros to a 5-3 victory over Montreal. Ryan struck out five for career 3,423 strikeouts. One short of Seattle's Gaylord Perry in second place on the all-time list, Walter Johnson leads with 3,508.

**Cardinals 7, Giants 6**  
In St. Louis, Darrell Porter's second RBI single of the game capped a five-run third and helped the Cardinals nip San Francisco, 7-6, and extend their Eastern Division lead to two games over Philadelphia. Dave L. Point raised his record to 7-3 and Bruce Sutter got the final two outs for his 26th save. Bill Laskey, who had won his last five starts, fell to 12-9.

**Braves 6, Mets 5**  
In Atlanta, Jerry Royster singled home Rufino Linares in the sixth to lift the Braves to a 6-5 triumph over New York. Starter Bob Walk (11-9) was the victor and Gene Garber finished up, earning his 22d save. Of the Braves' play in their third straight victory, Manager Joe Torre said: "They're back to where they were earlier in the year."

**Reds 10, Phillies 3**  
In Cincinnati, Bob Shirley, backed by a 13-hit attack, pitched a seven-hitter as the Reds defeated Philadelphia, 10-3. Dave Concepcion and Cesar Cedeno each had three hits for the winners, while Mike Schmidt hit his 27th homer of the season for the Phillies.

**Baseball Roundup**  
 starter Steve McCatty, scoring three runs in the first on a two-run home run by Dwight Evans and a throwing error by center fielder Dwayne Murphy. Carney Lansford hit a two-run homer in the third.

The A's scored a run in the third on Murphy's sacrifice fly off starter Chuck Rainey and added two runs in the fourth on Mike Heath's first home run of the year. The A's rounded out the scoring in the eighth on Wayne Gross' RBI single.

Henderson is also approaching a negative record. Thrown out trying to steal third base by catcher Rich Gedman, Henderson was caught for the 37th time, one short of the record set in 1915 by Ty Cobb. Oakland has three more games at home before departing on a road trip. "Right now, I feel I have the chance" to break Brock's record here, said Henderson. "But I'm not going to try to do extra things just to get the record at home."

**Twins 4, Indians 3**  
In Cleveland, Gary Ward drove in two runs with a double and a sacrifice fly to pace the Twins to a 4-3 victory over the Indians. Cleveland starter Larry Seisen took the loss as the Twins beat the Indians for the first time in eight games this season.

**Blue Jays 3, Yankees 1**  
In New York, Jim Clancy and Dale Murray combined on a three-hitter and Toronto scored three times in the first inning off Ron Guidry as the Blue Jays defeated the Yankees, 3-1. Murray came on with two on and none out in the ninth to record his first save.

**Orioles 8, Rangers 6**  
In Arlington, Texas, a bad-hop single by Lenn Sakata produced the go-ahead run during a three-run eighth that lifted Baltimore past Texas, 8-6. Cal Ripken opened inning with his 18th homer of the year. Two outs later, Rich Dauer singled, moved to second on Al Bumbry's single and scored when Sakata's grounder skipped past third baseman Buddy Bell. Reliever Tim Stoddard (3-4) got the victory.

**Royals 4, White Sox 3**  
In Kansas City, Mo., Willie Aikens hit a two-out homer in the ninth off Salome Barajas to lead the Royals past Chicago, 4-3. Dan Quisenberry worked the final 1½ innings to raise his record to 7-5. The White Sox, who dropped their fifth straight, were hurt by an unusual ruling. They lured the bases with none out in the third but, because of an interference call, did not score. Second baseman Frank

White fielded a grounder and threw to shortstop U.L. Washington to force Tony Bernazard, who was coming down from first base. Washington's peg to first for a double play went past Willie Aikens and two men crossed the plate for what seemed to be a 2-0 Chicago lead. But second base umpire Rich Garcia ruled Bernazard had interfered with Washington when he slid into second. Garcia called the batter out and sent the runners back to third and second. After Greg Luzinski walked to reload the bases, Carlton Fisk filed out.

**Angels 13, Tigers 1**  
In Anaheim, Calif., Bob Boone hit two home runs and Doug DeCinces drove in four runs as California overpowered Detroit, 13-1, to remain tied with Kansas City for first place in the American League West. Jeff Zahn scattered six hits in equalling his career high of 14 victories in a season. "I enjoy winning — that's what you go out there for," said Zahn, who also evened his major league career record at 83-83 with his ninth complete game of the season.

**Brewers 3, Mariners 2**  
In Seattle, Doc Medich continued his career mastery over Seattle, and Ted Simmons singled home the first run of a three-run eighth to lead Milwaukee past the Mariners, 3-2. Medich raised his career record to 11-1 against Seattle.

**Astros 5, Expos 3**  
In the National League, in Houston, Nolan Ryan pitched a five-hitter and José Cruz hit a two-run homer to pace the Astros to a 5-3 victory over Montreal. Ryan struck out five for career 3,423 strikeouts. One short of Seattle's Gaylord Perry in second place on the all-time list, Walter Johnson leads with 3,508.

**Cardinals 7, Giants 6**  
In St. Louis, Darrell Porter's second RBI single of the game capped a five-run third and helped the Cardinals nip San Francisco, 7-6, and extend their Eastern Division lead to two games over Philadelphia. Dave L. Point raised his record to 7-3 and Bruce Sutter got the final two outs for his 26th save. Bill Laskey, who had won his last five starts, fell to 12-9.

**Braves 6, Mets 5**  
In Atlanta, Jerry Royster singled home Rufino Linares in the sixth to lift the Braves to a 6-5 triumph over New York. Starter Bob Walk (11-9) was the victor and Gene Garber finished up, earning his 22d save. Of the Braves' play in their third straight victory, Manager Joe Torre said: "They're back to where they were earlier in the year."



